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**TRAVEL EXPENSE AMENDMENTS ACT
OF 1975**

LEGISLATIVE COUNSEL

FILE COPY

**HEARING
BEFORE A
SUBCOMMITTEE OF THE
COMMITTEE ON
GOVERNMENT OPERATIONS
HOUSE OF REPRESENTATIVES
NINETY-FOURTH CONGRESS**

FIRST SESSION

ON

H.R. 3575

**TO REVISE CERTAIN PROVISIONS OF TITLE 5, UNITED
STATES CODE, RELATING TO PER DIEM AND MILEAGE
EXPENSES OF GOVERNMENT EMPLOYEES, AND FOR
OTHER PURPOSES**

MARCH 4, 1975

Printed for the use of the Committee on Government Operations



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THE UNITED STATES HOUSE OF REPRESENTATIVES

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TRAVEL EXPENSE AMENDMENTS ACT OF 1975

TUESDAY, MARCH 4, 1975

HOUSE OF REPRESENTATIVES,
LEGISLATION AND NATIONAL SECURITY SUBCOMMITTEE
OF THE COMMITTEE ON GOVERNMENT OPERATIONS,
Washington, D.C.

The subcommittee met, at 10 a.m., pursuant to call, in room 2154, Rayburn House Office Building, Hon. Jack Brooks (chairman of the subcommittee) presiding.

Present: Representatives Jack Brooks, Benjamin S. Rosenthal, William S. Moorhead, James V. Stanton, Frank Horton, and Joel Pritchard.

Also present: Elmer W. Henderson, staff director; William M. Jones, general counsel, Committee on Government Operations; and Warren Buhler, minority professional staff, Committee on Government Operations.

Mr. BROOKS. This hearing of the Subcommittee on Legislation and National Security has been called to receive testimony on H.R. 3575, the Travel Expense Amendments Act of 1975.

As you are aware, similar legislation passed the Congress near the end of the last session and was vetoed by the President. A new bill was introduced at the beginning of this Congress, with the features that the President objected to deleted.

Other questions were raised after our committee reported that bill to the House, and at my request, it was recommitted to the Government Operations Committee. H.R. 3575 is a further revision in the light of the questions that were raised and is now before us for consideration.

The bill increases the maximum per diem and mileage allowances and reimbursement for actual expenses of Federal employees traveling on official business. It is very close to the original bill that passed the House last year, and we hope it can be expedited so that the Federal employees who are bearing the brunt of the increased cost of travel can be given fair treatment, finally.

[The bill, H.R. 3575, follows:]

(1)

94TH CONGRESS
1ST SESSION

H. R. 3575

IN THE HOUSE OF REPRESENTATIVES

FEbruary 21, 1975

Mr. BROOKS (for himself, Mrs. COLLINS of Illinois, Mr. JAMES V. STANTON, and Mr. HORROX) introduced the following bill; which was referred to the Committee on Government Operations

A BILL

To revise certain provisions of title 5, United States Code, relating to per diem and mileage expenses of Government employees, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 *That this Act may be cited as the "Travel Expense Amend-*
4 *ments Act of 1975".*

5 Sec. 2. Section 5701 (2) of title 5, United States Code,
6 is amended to read as follows:

7 "(2) 'employee' means an individual employed in
8 or under an agency including an individual employed
9 intermittently in the Government service as an expert or
10 consultant and paid on a daily when-actually-employed

2

1 basis and an individual serving without pay or at \$1

2 a year;"

3 (b) Section 5705 of such title 5 is amended by strik-
4 ing out "or individual" wherever it appears.

5 SEC. 3. Section 5702 of title 5, United States Code, is
6 amended to read as follows:

7 **§ 5702. Per diem; employee traveling on official business**

8 "(a) Under regulations prescribed under section 5707
9 of this title, an employee while traveling on official business
10 away from his designated post of duty, or in the case of an
11 intermittent employee, his home or regular place of business,
12 is entitled to a per diem allowance for travel inside the con-
13 tinental United States at a rate not to exceed \$35. For travel
14 outside the continental United States, the per diem allowance
15 shall be established by the President, or his designee, for
16 each locality where travel is to be performed. For travel
17 consuming less than a full day, such rate may be allocated
18 proportionately.

19 "(b) Under regulations prescribed under section 5707
20 of this title, an employee who, while traveling on official
21 business away from his designated post of duty or, in the case
22 of an intermittent employee, his home or regular place of
23 business, becomes incapacitated by illness or injury not due
24 to his own misconduct, is entitled to the per diem allowance
25 and appropriate transportation expenses until such time as

1 he can again travel, and to the per diem allowance and
2 transportation expenses during return travel to his designated
3 post of duty, or home or regular place of business, as the case
4 may be.

5 "(c) Under regulations prescribed under section 5707
6 of this title, the Administrator of General Services, or his
7 designee, may prescribe conditions under which an employee
8 may be reimbursed for the actual and necessary expenses of
9 official travel when the maximum per diem allowance would
10 be less than these expenses, except that such reimbursement
11 shall not exceed \$50 for each day in a travel status within
12 the continental United States when the per diem otherwise
13 allowable is determined to be inadequate (A) due to the un-
14 usual circumstances of the travel assignment, or (B) for
15 travel to high rate geographical areas designated as such in
16 regulations prescribed under section 5707 of this title.

17 "(d) Under regulations prescribed under section 5707
18 of this title, for travel outside the continental United States,
19 the President, or his designee may prescribe conditions un-
20 der which an employee may be reimbursed for the actual
21 and necessary expenses of official travel when the per diem
22 allowance would be less than these expenses, except that
23 such reimbursement shall not exceed \$21 for each day in a
24 travel status outside the continental United States plus the
25 locality per diem rate prescribed for such travel.

“(e) This section does not apply to a justice or judge,
except to the extent provided by section 456 of title 28.”.

3 SEC. 4. Section 5703 of title 5, United States Code, is
4 amended to read as follows:

5 "§ 5703. Per diem, travel, and transportation expenses;
6 experts and consultants; individuals serving
7 without pay

8 "An employee serving intermittently in the Government
9 service as an expert or consultant and paid on a daily when-
10 actually-employed basis, or serving without pay or at \$1 a
11 year, may be allowed travel or transportation expenses,
12 under this subchapter, while away from his home or regular
13 place of business and at the place of employment or service.".

14 SEC. 5. Section 5704 of title 5, United States Code, is
15 amended to read as follows:

16 "§ 5704. Mileage and related allowances

17 " (a) Under regulations prescribed under section 5707
18 of this title, an employee who is engaged on official business
19 for the Government is entitled to not in excess of—

20 “(1) 11 cents a mile for the use of a privately
21 owned motorcycle;

22 "(2) 20 cents a mile for the use of a privately
23 owned automobile; or

24 "(3) 24 cents a mile for the use of a privately
25 owned airplane;

1 instead of actual expenses of transportation when that mode
2 of transportation is authorized or approved as more advan-
3 tageous to the Government. A determination of such ad-
4 vantage is not required when payment on a mileage basis
5 is limited to the cost of travel by common carrier includ-
6 ing per diem. Notwithstanding the preceding provisions of
7 this subsection, in any case in which an employee who is
8 engaged on official business for the Government chooses to
9 use a privately owned vehicle when a Government vehicle
10 is readily available, payment on a mileage basis is limited
11 to the cost of travel by such Government vehicle.

12 "(b) In addition to the mileage allowance authorized
13 under subsection (a) of this section, the employee may be
14 reimbursed for—

15 "(1) parking fees;
16 "(2) ferry fees;
17 "(3) bridge, road, and tunnel costs; and
18 "(4) airplane landing and tie-down fees."

19 SEC. 6. Section 5707 of title 5, United States Code, is
20 amended to read as follows:

21 **§ 5707. Regulations and reports**

22 "(a) The Administrator of General Services shall pre-
23 scribe regulations necessary for the administration of this
24 subchapter, except that the President shall prescribe such
25 regulations with respect to travel outside the continental

1 United States and the Director of the Administrative Office
2 of the United States Courts shall prescribe such regulations
3 with respect to official travel by employees of the judicial
4 branch of the Government. Such regulation shall state the
5 specific maximum rate of the per diem allowance, within the
6 dollar limitations prescribed in the first sentence of section
7 5702 (a) of this title, and a specific maximum rate of reim-
8 bursement for actual and necessary expenses of official travel
9 to each high rate geographical area under section 5702 (c)
10 (1) of this title, to which an employee is entitled.
11 " (b) (1) The Administrator of General Services, in con-
12 sultation with the Comptroller General of the United States,
13 the Secretary of Transportation, the Secretary of Defense,
14 and representatives of organizations of employees of the Gov-
15 ernment, shall conduct periodic investigations of the cost of
16 travel and the operation of privately owned vehicles to em-
17 ployees while engaged on official business, and shall report
18 the results of such investigations to Congress at least once a
19 year. In conducting the investigations, the Administrator
20 shall review and analyze among other factors—
21 " (A) depreciation of original vehicle cost;
22 " (B) gasoline and oil (excluding taxes);
23 " (C) maintenance, accessories, parts, and tires;
24 " (D) insurance; and
25 " (E) State and Federal taxes.

1 "(2) At least once each year, the Administrator shall
2 determine, based upon the results of his investigation, spe-
3 cific figures each rounded to the nearest one-half cent, of the
4 average, actual cost a mile during the period for the use of
5 a privately owned motorcycle, automobile, and airplane. The
6 Administrator shall report such figures to Congress not later
7 than five working days after he makes his determination.
8 Each such report shall be printed in the Federal Register.
9 The cent figures contained in paragraphs (1), (2), and (3)
10 of section 5704(a) of this section, or any adjustments pre-
11 viously made thereto and in effect under that section, shall
12 be adjusted by the Administrator within thirty days follow-
13 ing the submission of that report to the figures so determined
14 and reported by him. Those adjusted figures shall also be
15 included in the regulations prescribed under this section.".

16 SEC. 7. Item 5707 contained in the analysis of sub-
17 chapter I of chapter 57 of title 5, United States Code, is
18 amended to read as follows:

"5707. Regulations and reports."

Mr. BROOKS. Our witnesses today include representatives from the OMB, who hopefully can speak for the administration, and officials of the GSA, which administers this legislation and will issue Government-wide regulations. We also have representatives of organizations of Federal employees who are affected by the current situation.

Our first witness will be a very able public servant, Mr. Paul H. O'Neill, a man who has come up in the computer field, has a deep interest in the possibilities and potential for efficiency which computers offer now and in the future to the Federal Government. He is now, almost unbelievably, with that kind of background, the Deputy Director of the Office of Management and Budget. Mr. O'Neill.

STATEMENT OF PAUL H. O'NEILL, DEPUTY DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET; ACCCOMPANIED BY JAMES CURRIE, OFFICE OF FEDERAL PROCUREMENT POLICY

Mr. O'NEILL. Thank you very much for the kind remarks. It is a pleasure to be here this morning to testify on the committee's bill, H.R. 3575.

I have a prepared statement. With the chairman's permission, I would rather place it in the record and offer a few highlight comments.

Mr. BROOKS. Without objection, your entire statement will be inserted in the hearing record.

[Mr. O'Neill's prepared statement follows:]

PREPARED STATEMENT OF PAUL H. O'NEILL, DEPUTY DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET

Mr. Chairman and members of the committee, I am pleased to have this opportunity to express OMB's support for legislation to increase the maximum rates of per diem and mileage allowances.

As you know, an administration draft bill was submitted to the Congress in June of 1974 by the General Services Administration. This bill was the culmination of an extensive study by GSA and 22 executive branch agencies to determine the adequacy of current travel allowances for Federal employees and to ascertain the measures which would be needed to permit full reimbursement for the reasonable and necessary expenses of such travel. The resulting legislative proposal contained the administration's recommendation for increases in the maximum per diem and mileage allowances which have been in effect since the last increase in 1969. In addition, the proposed legislation contained a new provision which would allow the Administrator of General Services to establish locality rates for high-cost areas which would enable travelers to designated metropolitan areas to be reimbursed under higher maximum rates than are applicable generally within the continental United States. We are pleased that those provisions have been supported by this committee.

While we fully support the major provisions of H.R. 3575, we believe there may be some technical modifications which would clarify legislative intent and facilitate understanding and administration of the statute. As you know, the management of employee travel is a very complex matter involving difficult technical and legal interpretations. The laws and regulations governing today's travel requirements, entitlements, and benefits are results of a half century of employee travel experiences. Specific words and phrases applied over the years in law and regulation have been interpreted to establish common understandings among travel authorizing officials, the official traveler, the paying officer, and the General Accounting Office. It is sometimes difficult, therefore, to confidently assess the effect which certain changes in statutory language may ultimately have on employee travel entitlements or benefits.

It is our understanding that a number of the changes which would be made in current law by the provisions of H.R. 3575 are intended only to improve the statutory language and not as substantive changes in the requirements or entitlements of employee travelers. I am advised that staffs of the committee, OMB, and GSA have been working toward an appreciation of the problems of interpreting the effect of proposed language changes. It is my understanding they have reached agreement on some of the measures needed to overcome the technical problems that have been identified.

While I believe Mr. Zechman will cover the technical problem areas in greater detail, Mr. Chairman, I would like to take a moment to briefly describe the matters which we believe are troubling.

1. There is some continuing confusion as to whether the entitlements and limitations under section 5703 of the existing statute will be preserved under the new definition of "employee" and under the revised sections 5702 and 5703.

2. The phrase "until he can again travel" in the proposed revision of section 5702(b) would appear to enlarge the current entitlement and if so may need to be omitted or qualified to assure that the public interest is protected.

3. Provisions in proposed sections 5702(d) and 5707(a) would vest authority in the President or his designee to issue regulations. If enacted, we believe the President would delegate such authority to the Administrator of General Services. Since other provisions of H.R. 3575 would vest regulating authority in the Administrator, similar language in sections 5702(d) and 5707(a) could remove the need for the President to issue an Executive order.

4. In proposed section 5704, the term "readily available" could be construed to require mileage reimbursement for use of a privately owned automobile at rates that would be excessive in the circumstances and not intended by the legislation.

5. A provision is needed in section 6 of H.R. 3575 to enable GSA to authorize an increase in the allowable mileage rates immediately after enactment of the bill. Additional changes are needed in the language of this section to bring its provisions in line with those of proposed section 5704.

Mr. Chairman, I would like to emphasize our full support for increases in the maximum per diem and mileage rates. The problems which I have just outlined, though largely technical in nature, when applied in given situations may affect the actual dollars an employee traveler will be entitled to under law or may cause a payment that would not be justified in the public interest. I know these are vital concerns to this committee. I believe that through the combined efforts of our respective staffs, H.R. 3575 can be modified to assure that current entitlements are not diminished and to facilitate a common understanding and effective administration of the law.

That completes my prepared statement, Mr. Chairman. I will be happy to respond to any questions the committee may have but would like to defer to GSA on the more technical matters.

Mr. O'NEILL. Indeed, it is a pleasure to be here this morning to indicate the administration's support for the ideas contained in H.R. 3575 and to agree with the chairman and with the committee that it would be well for the Congress to act as a whole on this bill as soon as possible.

In my prepared testimony, we do indicate a few technical questions which we believe should be raised. We have raised them with members of the staff. We would hope to be able to work those out. I would not go into those in detail unless you wish to do so.

I would like to comment on one point that the OMB raised a few weeks ago having to do with the date when the provisions of this bill should go into effect.

At that time, we were faced with a different set of circumstances, as the chairman and members know. In the waning days of the last Congress, a bill was passed which put a limitation on the amounts of money which could be spent by the Government for travel purposes, not to exceed 90 percent of the amounts contained in the 1975 budget.

In reviewing the possibility of the new per diem and travel bill, we in the administration were quite concerned that if we were to have

higher per diem and mileage rates on top of the limitations which existed until last week, we would, in effect, have to reduce the travel of Government employees by as much as 25 to 30 percent.

Not only were we concerned for our own direct executive agencies, but we understand that the Comptroller General was concerned about the impossibility of carrying out his legal responsibilities if the General Accounting Office were, on the one hand, constrained to spend not more than 90 percent of the amounts originally provided in the 1975 budget and, at the same time, had to reimburse at higher rates than the 1975 budget had planned.

With the action in the supplemental last week, Congress has seen fit to remove the limitation which was imposed in December of 1974, so we are pleased to withdraw any objection we had earlier to the provisions of this bill coming into effect on enactment.

We think, with the removal of that provision, it will now be possible to reprogram dollars from other activities which were in the 1975 budget and in that way to see that we can continue to carry out our legislative missions and still have the necessary funds to do so.

With those general comments, Mr. Chairman and members of the committee, I would be pleased to answer any questions you may have.

Mr. BROOKS. Thank you, Mr. O'Neill, I appreciate your coming down.

Generally, then, you feel it is reasonable for Federal employees to be reimbursed the actual cost of official travel?

Mr. O'NEILL. Absolutely.

Mr. BROOKS. In the converse, you do agree it is unfair to expect Government employees to subsidize the cost of Government when traveling under Government orders?

Mr. O'NEILL. Yes, sir.

Mr. BROOKS. Do you agree with the cost estimates presented by GSA? Have you looked at those?

Mr. O'NEILL. We have looked at the cost estimates. As I understand it, the full estimated effect is \$62.9 million for this bill alone, not taking into account what we presume will be a follow-on bill for the Defense Establishment. We think those costs are within the ballpark of reasonableness.

Mr. BROOKS. You understand the Defense Establishment, as you put it, the veterans' group, will be handled by the Veterans Committee. The chairman of that committee, Mr. Roberts, has assured Mr. Horton and me that they would make some equitable agreement with regard to veterans and their travel costs.

Mr. O'NEILL. Good.

Mr. BROOKS. We had felt originally—I want to make it clear that Mr. Horton and I agree—we both felt it was rather difficult not to pay wounded veterans, those wounded in war and fighting for this country, the same rate you pay able-bodied GS-10's traveling to New Jersey for the weekend. There had to be some arrangement made to do that. That committee has agreed to take it up and do it.

Counsel wants to know whether you also talk about military travel. Is that also referred to?

Mr. O'NEILL. Yes, sir. We are assuming there will be followup bills to cover military travel.

Mr. BROOKS. We have not gone into that.

Mr. O'NEILL. I understand, sir.

Mr. BROOKS. Generally, then, you feel the bill as drafted—I read your statement last night—is acceptable and it would be signed by the President?

Mr. O'NEILL. I do, sir. As I indicated in my summary comments, we believe there are some technical changes which could be made to avoid mischievous interpretation later on, but we think the bill is a good piece of work and heads in the right direction and would be acceptable.

Mr. BROOKS. What is your name, sir?

Mr. CURRIE. James Currie.

Mr. BROOKS. We will look forward to discussing with you, Mr. O'Neill and Mr. Currie, any changes or comments you might have at a later time.

Mr. O'NEILL. Very fine, sir.

Mr. BROOKS. I appreciate your suggestions.

Mr. HORTON?

Mr. HORTON. Thank you, Mr. Chairman.

I want to thank Mr. O'Neill and Mr. Currie for being with us. I am also happy that the problem which OMB had raised with regard to the effective date of the bill has been resolved. I think the sooner we can make it effective, the better.

Inasmuch as the Congress has taken this action, do you feel the administration now has no objection with regard to the bill going into effect on the date of enactment?

Mr. O'NEILL. That is correct.

Mr. HORTON. On page 3, you mentioned several issues which troubled you. First, you indicated there is confusion as to what entitlements and limitations in section 5703 of the existing statute would be preserved under revised sections 5702 and 5703.

Can you explain what the differences are in the language as it is now in effect in section 5703 and the language of the proposed new statute, sections 5702 and 5703?

Mr. O'NEILL. Let me ask Mr. Currie to lay that on the record.

Mr. HORTON. All right.

Mr. CURRIE. Under the current law, 5703 provides separate entitlements for consultants, on the one hand, and a different entitlement for those serving without pay, or at \$1 a year.

The consultant is handled under a term of "intermittently employed individuals."

The provision in 5702 of H.R. 3575 would permit the payment of per diem when a consultant, an intermittent employee, is away from his home or place of business. That would enable him, for example, to be paid when he is in Washington working for a Federal agency at his designated post of duty. He could be paid per diem then.

However, the term "intermittent" would be questioned as to whether that embraces the person who serves without pay, or at \$1 a year, who may not be termed an intermittent employee.

Mr. HORTON. Under the present language is he considered an intermittent employee?

Mr. CURRIE. No, sir; not under the definition in the current statute. He is not referred to as an intermittent employee.

Mr. HORTON. He is not?

Mr. CURRIE. No, sir.

Mr. HORTON. Do you object to his being included in that category?

Mr. CURRIE. Absolutely not. We have no difference with the committee as to the intent. I do not believe there is anyone who has an intent to change current entitlements. Our problem with the language in H.R. 3575 is that it may be interpreted to change these entitlements, and we are concerned that we be sure that the language is clear that no change in those entitlements is intended.

Mr. HORTON. Let's look at the bill.

Mr. BROOKS. If the gentleman would yield a moment, on page 1, at the bottom of the page, I think a definition of "employee" perhaps is designed to cover this problem, where an individual employed in or under an agency, including an individual employed intermittently in the Government service as an expert or consultant and paid on a daily, when-actually-employed basis, and an individual serving without pay, or at \$1 a year. You do intend to program him?

Mr. CURRIE. Yes.

Mr. BROOKS. It is clear as to what the coverage would be.

Mr. CURRIE. I would point out, though, Mr. Chairman, that in 5702 the entitlements—

Mr. HORTON. Are you talking about the present 5702?

Mr. CURRIE. No, sir; H.R. 3575.

Mr. HORTON. What page?

Mr. CURRIE. Page 2. The proposed provision 5702(a), the first sentence:

Under regulations prescribed under section 5707 of this title, an employee, while traveling on official business away from his designated post of duty, or in the case of an intermittent employee, his home or regular place of business, is entitled to per diem.

We question whether the term "intermittent employee" would embrace the individual serving without pay, or at \$1 a year, who could be considered a full-time employee and not intermittent.

Mr. HORTON. The definition the chairman pointed out includes an individual employed intermittently in Government service.

Mr. CURRIE. Yes, sir; but the entitlements, Mr. Horton, in section 5702 permit per diem for an employee only when away from his designated post of duty. For the consultant type and those serving without pay, or \$1 a year, it has been customary to pay the per diem when they are at their place of duty.

Mr. HORTON. I see.

Mr. CURRIE. Whenever they are away from their home or place of business, they are entitled to per diem. An employee is not entitled to a per diem here in Washington, for example, if he lives and works at his designated post of duty in Washington. However, a consultant who is away from his home and is working in Washington, and living temporarily in Washington, is entitled to per diem even though that is his designated post of duty.

Mr. BROOKS. I think we can resolve this. GSA will understand that it means you pay him while he is there working, or if he is traveling he would get travel, but not get travel pay while at home, but he might be entitled to per diem for that effort, working at his office.

Mr. HORTON. That is a good point, Mr. Chairman. Perhaps we can make certain that your staff, Mr. O'Neill, and that perhaps would be Mr. Currie—

Mr. O'NEILL. That is right.

Mr. HORTON [continuing]. Would work with the GSA staff and our staff to be sure we included language to accomplish this.

As you indicated, we are on the same wavelength and have no problem.

Mr. O'NEILL. That is right.

Mr. HORTON. We want to be sure the language does what we all intend it to do.

Mr. O'NEILL. That is right.

Mr. HORTON. One other thing I wanted to ask about, the question of substituting the Administrator for the President, mentioned in 5702 (d) and (a). What is the advantage or disadvantage of substituting the Administrator for the President?

Mr. O'NEILL. If you put the President in as you now have him in the bill, the President will have to issue an Executive order. Rather than going through that extra formality, we think it makes more sense to put it under the General Services Administrator.

Mr. HORTON. The President does this now?

Mr. O'NEILL. Yes, sir.

Mr. HORTON. In other words, what we have in the bill would be a little different from what we have done in the past?

Mr. O'NEILL. Yes, sir.

Mr. HORTON. What you are saying is that the President would have to issue an Executive order, so rather than designate the President, it would be better to designate the Administrator of General Services?

Mr. O'NEILL. Yes, sir.

Mr. HORTON. Thank you, Mr. Chairman.

Mr. STANTON. I have no questions.

Mr. PRITCHARD. In section 5704, line 10, you use the term "readily available." Does that term cause you any problem?

Mr. CURRIE. It does, Mr. Pritchard. It raises the possibility of a problem.

I would like to have the opportunity to explain our regulation so you can see the difficulty involved.

Normally, when an employee travels extensively and requires an automobile to travel, rather than by common carrier, we would find it advantageous to the Government that he use a Government automobile.

However, in order to accommodate the personal desires of the employee where he might want to have his private automobile because

it is a more comfortable mode of travel, or to have it on weekends or nights, or to take his wife along, the regulations authorize the employee to negotiate with his agency and agree that if the agency would permit him to drive his own car he would be reimbursed at the rate that the agency would pay for the Government car.

This may be on an annual agreement basis so that the Government in that case would not acquire an automobile for that employee because he has committed himself on an annual basis to drive his own car at a cost the agency would incur if he were to use a Government-owned car.

In those cases, a car is not readily available. We would be fearful that this term could be interpreted to mean that because the Government automobile is not readily available, the employee would be entitled to a much higher rate.

Mr. O'NEILL. Even though he made an agreement for his own convenience.

Mr. PRITCHARD. I see. Do you have some language you would like to offer?

Mr. O'NEILL. Yes. Line 9, we would propose to strike out the word "when" and substitute "in lieu of". Where it states "use a privately owned vehicle" we would insert "in lieu of a Government vehicle" and then strike out "is readily available."

Mr. PRITCHARD. I have no other questions.

Mr. BROOKS. State that again, please.

Mr. O'NEILL. Line 9, page 5, strike the word "when" and insert the words "in lieu of", and then strike out the phrase "is readily available" in the next line.

Mr. BROOKS. Are there further comments?

Mr. HORTON. I want to go to the point I asked about earlier with regard to the President and the Administrator.

In reading the language of those two sections, the President is named in connection with foreign travel. I think it probably would be better to leave the language as it is and let the President issue the Executive order, especially as it pertains to foreign travel.

Would you have any strenuous objection to leaving the language as it is now? On page 3, section (d), it states, "The President," and section 5705 the same thing, "except that the President shall prescribe." I think it would be better to have the President have that authority rather than GSA.

Mr. O'NEILL. If the committee feels strongly about that provision, we can live with it, Mr. Congressman.

Mr. BROOKS. Thank you, Mr. Deputy Director. We are pleased to have you and Mr. Currie here. I appreciate your contribution.

Mr. O'NEILL. We appreciate your having us. We look forward to doing lots of business with you and the members of the committee.

Mr. BROOKS. We shall give you many opportunities.

Next is Mr. Ronald E. Zechman, Associate Administrator of the GSA.

STATEMENT OF RONALD E. ZECHMAN, ASSOCIATE ADMINISTRATOR,
OFFICE OF FEDERAL MANAGEMENT POLICY, GENERAL SERVICES
ADMINISTRATION; ACCCOMPANIED BY EDWARD DUIGNAN, AS-
SISTANT GENERAL COUNSEL; GORDON YAMADA, DIRECTOR,
OFFICE OF MANAGEMENT SYSTEMS; AND ROBERT CHANDLER,
DIRECTOR, FEDERAL TRAVEL MANAGEMENT DIVISION, FED-
ERAL SUPPLY SERVICE

Mr. ZECHMAN. I have with me Mr. Duignan, Assistant General Counsel; Gordon Yamada, the Director of the Office of Management Systems, and Mr. Robert Chandler, Director, Federal Travel Management Division, Federal Supply Service.

Mr. BROOKS. Do you wish to read your statement?

Mr. ZECHMAN. I prefer to summarize it.

Mr. BROOKS. We shall accept the statement for the record and ask you for your comments.

[Mr. Zechman's prepared statement follows:]

PREPARED STATEMENT OF RONALD E. ZECHMAN, ASSOCIATE ADMINISTRATOR,
OFFICE OF FEDERAL MANAGEMENT POLICY, GENERAL SERVICES ADMINIS-
TRATION

Mr. Chairman and members of the subcommittee, on behalf of Arthur F. Sampson, Administrator, General Services Administration, may I say that I am delighted to appear before this subcommittee today to present our comments on H.R. 3575 relating to per diem and mileage allowances of Federal employees. The administration has been concerned about the inequities of the existing per diem and mileage allowances and shares with Congress the desire to rectify these inequities. We deeply appreciate the opportunity you have given us to work with the Congress in the development of proposed legislation in this area. The administration strongly supports the overall objective of the proposed legislation and is in full agreement with its basic provisions and concepts.

We are in special accord with the several salient features of H.R. 3575:

To increase the maximum statutory per diem allowance from \$25 to \$35. This will allow us to immediately establish a rate to alleviate the inadequacies of the present maximum. Based on our current studies, we will establish by regulation a maximum per diem rate of \$35.

To increase the statutory actual subsistence expense allowance from \$40 to \$50 will alleviate inequities when this method of reimbursement is used.

To establish a special major city locality rate to those cities where travel expenses exceed normal per diem rates. We are pleased to have been able to work with the Congress in developing this concept. As is commonly known, there are several major cities in the United States where expenses of travel are particularly high and require a rate in excess of \$35 for adequate lodging and expenses. With the authority provided by Congress, we shall immediately implement major city locality rates for those cities which fall into this category.

The statutory increases to mileage and related allowances are urgently needed to fairly reimburse Federal employees who perform official business with their private conveyances. Our studies, conducted in November 1974, indicate that the average cost of operating a standard size automobile was 14.9 cents a mile and approximately 22 cents per mile, exclusive of landing and tiedown fees, for operating a privately owned aircraft. Thus, the statutory increases permitted by H.R. 3575 will allow us to revise our presently inadequate allowances.

At this time, Mr. Chairman, may I present for the subcommittee's consideration a few points of concern which we have on H.R. 3575:

(a) Subparagraphs (a) and (c) of section 3703 of the existing statute permits a higher rate of per diem to individuals serving without pay or at \$1 a year when authorized by appropriation or other statute. The revision of this section as

proposed in H.R. 3575 would possibly alter the effect of current law. We are not aware of any reason that the entitlements authorized under the present statute should be changed. We believe that some modification in the language of H.R. 3575 may be needed to assure that the present authorization is continued.

(b) Currently, the Administrator of General Services is responsible for issuing travel regulations for the civilian employees of the executive branch. We suggest some revisions in the bill to allow the Administrator of General Services, or his designee, to be responsible for issuing appropriate regulations in the interests of maintaining Government-wide uniformity.

(c) H.R. 3575 requires that a study be conducted and specified procedures be followed to establish mileage allowances when private conveyances are used. We agree with the methodology. However, to provide immediate relief to employees who are now being reimbursed under an inadequate mileage allowance, we recommend appropriate language be included in section 6 to authorize an immediate increase in mileage rates upon enactment of the bill.

Mr. Chairman, this bill is most complex in nature. Therefore may we request the opportunity to work with your staff in reviewing technical changes to the bill. At this time, I would like to submit a list which outlines these concerns.

The Office of Management and Budget advises us that these increases in travel costs will be largely absorbed by the individual agencies within their available appropriations.

This concludes my prepared statement, Mr. Chairman. I will be happy to respond to any questions you may have.

Mr. ZECHMAN. First of all, Mr. Chairman, I shall extend our appreciation to members of the committee and also to the staff, with whom we have worked very closely during the past year. Our goal was to eliminate the inequities which currently exist in the per diem allowances for Federal employees.

We appreciate the opportunity to comment on H.R. 3575 and would just like to point out some of the main features which we do strongly support; that is, to increase the maximum per diem allowance from \$25 to \$35, to increase the actual subsistence allowance from \$40 to \$50, and to provide a new concept, and that is the special major-city locality rates in those cities where the proposed \$35 maximum would not be adequate to cover the costs incurred.

Another important feature, to increase the mileage and related allowances, is urgently needed to reimburse Federal employees.

We also, Mr. Chairman, have several technical points which we have discussed in the past. I would like to present them to the staff of the committee. We do not consider these to be major items and, therefore, I propose not to take up the time of the members. However, they are points which we feel would further clarify H.R. 3575.

With that, Mr. Chairman, I am ready for questions.

Mr. BROOKS. I have not had such good rapport from the GSA for many a month.

Mr. ZECHMAN. We appreciate the opportunity to work with this committee and its staff.

Mr. BROOKS. We will look forward to talking with you further, then, about whatever changes you think are necessary.

Inasmuch as you will be administering this, we want you to be fully apprised of it and happy with it, and to know it is a workable piece of legislation.

Basically, there is only one thing I need to get from you, and that is whether you have an estimate as to travel costs. Do you think they will continue to increase?

Mr. ZECHMAN. We do. Last year, when we appeared before the committee, we were proposing \$30. This year, using the Consumer Price Index, if the bill went into effect tomorrow, we would make it \$33, so you can see there has been a 10-percent jump during the last year, and presumably it will continue.

Mr. BROOKS. Do you have any more recent cost figures for travel, as well as the subsistence and the cost of operating private vehicles from those you presented last year?

Mr. ZECHMAN. We do.

Mr. BROOKS. Do you have them available?

Mr. ZECHMAN. Yes. Do you want it now?

Mr. BROOKS. Will you submit those for the record?

Mr. ZECHMAN. We shall submit them, sir.

[The material follows.]

COST OF OPERATING PRIVATELY OWNED AUTOMOBILES

I. INTRODUCTION

This report presents the costs of operating standard and compact size privately owned automobiles for the month of November 1974.

Under 5 U.S.C. 5704(a)(2), an employee is entitled to an allowance not in excess of 12 cents per mile when he uses a privately owned vehicle while on official business. Pursuant to Executive Order 11609, dated July 22, 1971, the General Services Administration published the Federal Travel Regulations (41 CFR 101-7) in May 1973. Since assuming the responsibility for administering the travel regulations (including the mileage allowance), the General Services Administration (GSA) has received several inquiries questioning the adequacy of the regulatory and statutory mileage allowances. In response, a study to determine the cost of operating a privately owned automobile was completed in September 1973, and has been updated from time to time, as more current cost data becomes available. This study restates the cost as of November 1974, which is the most recent month for which consumer price data is available.

II. PURPOSE

The purpose of this report is to calculate the current cost of operating privately owned automobiles in order to determine the adequacy of the present 12-cent Federal mileage allowance.

III. SUMMARY

The costs presented in this study are based on the Department of Transportation (DOT) Report "Cost of Operating an Automobile," published in April 1974. While the DOT study presents costs over a 10-year period, we felt that a privately owned vehicle would not be used for business purposes beyond the fifth year. Accordingly, the costs as restated in this report are based on the average annual cost per mile for the first 5 years of vehicle operation.

We then applied the Consumer Price Index (CPI) changes for depreciation, maintenance and repair, tires, gasoline, motor oil, insurance and registration to the corresponding cost components in the DOT study.

IV. CONCLUSIONS

Three important conclusions can be drawn from this report:

(a) The approximate cost of operating a standard size automobile is currently 15 cents per mile.

(b) The cost of operating a compact size automobile is 75 percent of the cost of operating a standard size automobile.

(c) The maximum mileage allowance of 12 cents, provided under 5 U.S.C. 5704(a)(2) and in the Federal Travel Regulations, is inadequate when a standard size automobile is used for official business.

V. BODY OF REPORT

(a) *Discussion.*—This report uses as its foundation the Department of Transportation (DOT) report "Cost of Operating an Automobile," published in April 1974 and based on February 1974 prices. Because the operating costs, both fixed and variable, are lower for compact cars than for standard size automobiles, this report presents the per mile costs for both standard and compact size automobiles.

(b) *Standard Size Automobiles.*—The automobile operating costs for 1974 were taken from the Department of Transportation (DOT) report "Cost of Operating an Automobile" (app. I), which was published in April 1974. The costs used in this study were those for a standard size four-door sedan equipped with: V-8 engine, automatic transmission, power steering and brakes, air-conditioning, tinted glass, radio, clock, whitewall tires, and body protective molding. It is felt that this car and equipment is representative of standard size four-door sedans during model year 1974.

Although the DOT study computed the costs of operating a vehicle over a period of 10 years (100,000 miles), we have assumed, for the purpose of this report, that a privately owned vehicle is not likely to be used for business purposes beyond the fifth year. Consequently, the costs presented in this report are the average annual costs for the first 5 years of operation as shown in appendix I.

In computing the November 1974 costs shown in appendix II, the changes in the Consumer Price Index (CPI) from February 1974 to November 1974 for each cost component (tires, gasoline, et cetera) were first converted to percentages. These percentages were then applied to the individual cost components presented in the DOT study in order to convert the February 1974 cost per mile to a cost per mile for November 1974. This method of computation was applied to each cost element except depreciation. The methodology used in developing depreciation costs will be explained below.

It should be emphasized that the DOT study was conducted in suburban Baltimore and, therefore, reflects the prices, taxes, and road and driving conditions of suburban Baltimore. City driving would be more costly while driving costs in rural areas should be lower. In addition to the urban and rural cost differences, there are also geographic variations in the cost of living. For example, the residents of Baltimore experience a cost level which is different from that in Chicago, Los Angeles, or Atlanta. The June 1974 CPI indicates that the cost of operating an automobile in Baltimore was at an index level of 151.7. However, since the average U.S. city index level of 147.1 is 3.1 percent lower than the Baltimore level, it appears that the cost of operating an automobile as presented in this report is slightly higher than the national urban area average costs.

In order to develop and project the overall cost of operating a standard size automobile, the following individual cost elements were evaluated:

1. *Depreciation.*—The cost per mile for depreciation is influenced primarily by the purchase price (and price changes) and the number of miles the automobile is driven each year. The February 1974 costs were based on a standard size 1974 four-door sedan as described above (finance charges were not included). It was assumed by DOT that this car would be driven a decreasing number of miles from 14,500 in the first year to 9,900 in the fifth year. In this respect, it should be noted that extensive use of a private automobile for official travel could easily increase the annual mileage, which would, in turn, lower the overall cost per mile by reducing fixed costs such as depreciation and insurance.

In estimating the depreciation costs for the period February to November 1974, it was determined that the application of CPI changes (for new automobiles) to DOT depreciation costs would not provide acceptable cost data. The CPI, insofar as new automobiles are concerned, is adjusted to eliminate the effect of price increases attributed to "quality improvements" such as hydraulic safety bumpers, power brakes and steering, structural improvements, et cetera. Since in many instances these quality improvements become standard equipment or are required by law, a consumer must bear the additional cost of these items.

Consequently, while the CPI is adjusted downward to compensate for these improvements, the consumer actually pays more and more each year for his automobile. We felt that a more accurate estimate of future depreciation costs could be obtained by applying the average CPI change for all goods and services (9.046 percent) to the February 1974 depreciation cost per mile. Although the use of the general index introduces some distortions, it is considered to be a better representation of automobile price trends than an index which has been quality adjusted.

2. *Maintenance and Repair.*—This cost element includes routine maintenance, such as lubrications and flushing the cooling system; replacement of minor parts, such as spark plugs, fan belts, and radiator hoses; minor repairs, such as brake jobs, water pump, carburetor overhaul, and universal joints; and some major repairs. Repairs for collision damage were excluded, but the purchase of minor accessories such as floormats and miscellaneous items totaling \$2.20 per year was assumed. The CPI for these goods and services includes few, if any, quality adjustments.

3. *Tires.*—Because the cost of the original five tires is included in the vehicle depreciation cost, this cost category includes only replacement tires. It was assumed that seven new regular tires and four new snow tires would be purchased during the 10-year, 100,000-mile life of the automobile. Radial tires were not introduced into this study; and although a car fitted with such tires would require fewer tire changes, the higher cost of radial tires would at least partly offset the effects of greater tire mileage.

4. *Gasoline.*—Although gasoline costs represented only 21.7 percent of the total automobile operation cost per mile in February 1974, it is perhaps the most controversial of all the costs due, primarily, to recent shortages and attendant rising prices. It was determined in the DOT study that a standard car would average 12.92 miles per gallon of gasoline. Obviously, several factors, including the driving environment, engine size, speed, and pollution devices, influence the mileage which in turn influences the gasoline cost per mile. A price of 52.1 cents per gallon, including taxes, was used by DOT.

5. *Motor Oil.*—In the DOT study, oil consumption was associated with gasoline consumption at a rate of 1 gallon of oil for every 159 gallons of gasoline. A price of \$1 per quart was used in the DOT study.

6. *Insurance.*—Insurance coverage, as applied to this study, includes \$50,000 combined public liability (\$15,000/\$30,000 bodily injury, and \$5,000 property damage), \$2,500 personal injury protection, uninsured motorist coverage, and full comprehensive coverage. Deductible collision was assumed for the first 5 years (\$100).

7. *Taxes.*—It is difficult to estimate the behavior of taxes from an analysis of the CPI because the prices of all commodities and services include taxes. As a result, taxes have been held constant at the February 1974 level of 1.03 cents per mile, assuming that any increase or decrease would be reflected in the CPI statistics for the other cost elements.

8. *Registration.*—Included in this item is a \$30 annual registration fee and a one-time titling fee of \$170.04.

The overall effect of the price changes for the cost elements described above was an increase in the total cost of operating a privately owned automobile. In February 1974, the U.S. Department of Transportation determined that the cost of operating a standard size automobile (less garage, parking, and toll costs) was 13.99 cents per mile. Based on the November 1974 CPI, the cost of operating a private automobile is currently estimated at 14.99 cents per mile (app. II).

(c) *Compact Size Automobiles.*—These automobile operating costs were also taken from the DOT study "Cost of Operating an Automobile," April 1974, and are found in appendix III. The vehicle selected to represent this category is a 1974 model two-door sedan equipped with: 6-cylinder engine, automatic transmission, power steering, radio, vinyl top, wheel covers, and protective molding. With two exceptions, the cost elements and assumptions applied to the standard size vehicle were also used in determining the cost of operating a compact car. These exceptions were that a gasoline consumption rate of 15.97 miles per gallon and an oil consumption rate of 1 gallon of oil for every 150 gallons of gasoline were applied to the compact car.

The average cost per mile for the first 5 years of operation was 10.36 cents, which is approximately 74 percent of the cost of operating a standard size car.

Because of the substantial economies which accrue through the use of smaller automobiles, it is felt that a separate and lower rate of reimbursement should be paid to an employee who utilizes a compact or subcompact size vehicle while on official business. In this respect, a rate equal to 75 percent of the "standard rate" (rounded to the next highest cent) appears reasonable and compensatory.

APPENDIX I
ANNUAL AUTOMOBILE OPERATING COSTS
[Standard size 1974 model]

| (I) Costs | (2) 1st yr | (3) 2d yr | (4) 3d yr | (5) 4th yr | (6) 5th yr | (7) Total | (8) Cost per mile (cents) ¹ |
|-------------------------|---------------|--------------|--------------|---------------|---------------|--------------|--|
| | | | | | | | |
| Depreciation..... | \$1,046.00 | \$647.00 | \$550.00 | \$404.00 | \$294.00 | \$2,941.00 | 4.99 |
| Maintenance/repair..... | 126.49 | 161.40 | 336.67 | 445.47 | 329.86 | 1,399.89 | 2.38 |
| Tires..... | 18.68 | 16.71 | 28.99 | 42.09 | 42.80 | 149.27 | .25 |
| Gasoline..... | 438.70 | 393.35 | 347.99 | 302.63 | 299.51 | 1,782.18 | 23.03 |
| Motor oil..... | 20.00 | 19.00 | 20.00 | 19.00 | 21.00 | 99.00 | .17 |
| Insurance..... | 205.00 | 192.00 | 192.00 | 177.00 | 177.00 | 943.00 | 1.60 |
| Taxes..... | 147.61 | 132.37 | 118.26 | 104.17 | 103.24 | 605.65 | 1.03 |
| Registration..... | 200.04 | 30.00 | 30.00 | 30.00 | 30.00 | 320.04 | .54 |
| Total cost..... | 2,202.52 | 1,591.83 | 1,623.91 | 1,524.36 | 1,297.41 | 8,240.03 | 13.99 |
| Miles per year..... | 14,500 | 13,000 | 11,500 | 10,000 | 9,900 | 58,900 | ----- |

¹ Col. 7 divided by 58,900 miles.² Gasoline represents 21.7 percent of the total cost.

Source: Cost table app. 1, p. 2.

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TABLE 1.—ESTIMATED COST OF OPERATING A STANDARD SIZE 1974 MODEL AUTOMOBILE¹
 [Total costs in dollars, costs per mile in cents]

| Item | 1st year (14,500 miles) | | 2d year (13,000 miles) | | 3d year (11,500 miles) | | 4th year (10,000 miles) | | 5th year (9,900 miles) | |
|------------------------------------|-------------------------|------------------|------------------------|------------------|------------------------|------------------|-------------------------|------------------|------------------------|------------------|
| | Total cost | Cost per mile | Total cost | Cost per mile | Total cost | Cost per mile | Total cost | Cost per mile | Total cost | Cost per mile |
| Costs excluding taxes: | | | | | | | | | | |
| Depreciation..... | 1,046.00 | 7.21 | 647.00 | 4.98 | 550.00 | 4.78 | 440.00 | 4.04 | 294.00 | 2.97 |
| Repairs and maintenance..... | 122.96 | .85 | 158.01 | 1.21 | 333.42 | 2.90 | 442.36 | 4.42 | 326.76 | 3.30 |
| Replacement tires..... | 18.63 | .13 | 16.71 | .13 | 28.98 | .25 | 42.09 | .42 | 42.80 | .43 |
| Accessories..... | 3.53 | .02 | 3.39 | .03 | 3.25 | .03 | 3.11 | .03 | 3.10 | .03 |
| Gasoline..... | 438.70 | 3.03 | 393.35 | 3.02 | 347.99 | 3.03 | 302.63 | 3.03 | 299.51 | 3.03 |
| Oil..... | 20.00 | .14 | 19.00 | .15 | 20.00 | .17 | 19.00 | .19 | 21.00 | .21 |
| Insurance..... | 205.09 | 1.41 | 192.00 | 1.48 | 192.00 | 1.67 | 177.00 | 1.77 | 177.00 | 1.79 |
| Garaging, parking, tolls, etc..... | 224.80 | 1.55 | 215.20 | 1.65 | 205.60 | 1.79 | 196.00 | 1.96 | 195.36 | 1.97 |
| Total..... | 2,079.62 | 14.34 | 1,644.66 | 12.65 | 1,681.24 | 14.62 | 1,586.19 | 15.86 | 1,359.53 | 13.73 |
| Taxes and fees: | | | | | | | | | | |
| State: | | | | | | | | | | |
| Gasoline..... | 100.98 | .70 | 90.54 | .70 | 80.10 | .70 | 69.66 | .70 | 68.94 | .70 |
| Registration..... | 30.00 | .21 | 30.00 | .23 | 30.00 | .26 | 30.00 | .30 | 30.00 | .30 |
| Tithing..... | 170.04 | 1.17 | | | | | | | | |
| Subtotal..... | 301.02 | 2.08 | 120.54 | .93 | 110.10 | .96 | 99.66 | 1.00 | 98.94 | 1.00 |
| Federal: | | | | | | | | | | |
| Gasoline..... | 44.88 | .31 | 40.24 | .31 | 35.60 | .31 | 30.96 | .31 | 30.64 | .31 |
| Oil ² | .30 | (²) | .29 | (²) | .30 | (²) | .28 | (²) | .32 | (²) |
| Tires..... | 1.45 | .01 | 1.30 | .01 | 2.26 | .02 | 3.27 | .03 | 3.34 | .04 |
| Subtotal..... | 46.63 | .32 | 41.83 | .32 | 38.16 | .33 | 34.51 | .34 | 34.30 | .35 |
| Total taxes..... | 347.65 | 2.40 | 162.37 | 1.25 | 148.26 | 1.29 | 134.17 | 1.34 | 133.24 | 1.35 |
| Total of all costs..... | 2,427.27 | 16.74 | 1,807.03 | 13.90 | 1,829.50 | 15.91 | 1,720.36 | 17.20 | 1,492.77 | 15.08 |

| Item | 6th year (9,900 miles) | | 7th year (9,500 miles) | | 8th year (8,500 miles) | | 9th year (7,500 miles) | | 10th year (5,700 miles) | | Totals and averages for 10 years (100,000 miles) | |
|------------------------------------|------------------------|------------------|------------------------|------------------|------------------------|------------------|------------------------|------------------|-------------------------|------------------|---|------------------|
| | Total cost | Cost per mile | Total cost | Cost per mile | Total cost | Cost per mile |
| Costs excluding taxes: | | | | | | | | | | | | |
| Depreciation..... | 264.00 | 2.67 | 252.00 | 2.65 | 250.00 | 2.94 | 248.00 | 3.31 | 246.00 | 4.31 | 4,201.00 | 4.20 |
| Repairs and maintenance..... | 379.81 | 3.84 | 570.45 | 6.00 | 224.05 | 2.63 | 346.92 | 4.62 | 35.20 | .62 | 2,939.94 | 2.94 |
| Replacement tires..... | 53.39 | .54 | 53.71 | .57 | 51.61 | .61 | 43.47 | .58 | 34.60 | .61 | 385.99 | .38 |
| Accessories..... | 9.43 | .09 | 9.14 | .10 | 8.42 | .10 | 7.67 | .10 | 6.36 | .11 | 57.40 | .06 |
| Gasoline..... | 299.51 | 3.03 | 287.39 | 3.03 | 257.28 | 3.03 | 227.17 | 3.03 | 172.43 | 3.02 | 3,025.96 | 3.03 |
| Oil..... | 22.00 | .22 | 23.00 | .24 | 19.00 | .22 | 20.00 | .27 | 12.00 | .21 | 195.00 | .19 |
| Insurance..... | 135.00 | 1.36 | 135.00 | 1.42 | 135.00 | 1.59 | 135.00 | 1.80 | 135.00 | 2.37 | 1,618.00 | 1.62 |
| Garaging, parking, tolls, etc..... | 195.36 | 1.97 | 192.89 | 2.03 | 186.40 | 2.19 | 180.00 | 2.40 | 168.48 | 2.96 | 1,950.00 | 1.96 |
| Total..... | 1,358.50 | 13.72 | 1,523.49 | 16.04 | 1,131.76 | 13.31 | 1,208.23 | 16.11 | 810.07 | 14.21 | 14,383.29 | 14.38 |
| Taxes and fees: | | | | | | | | | | | | |
| State: | | | | | | | | | | | | |
| Gasoline..... | 68.94 | .70 | 66.15 | .70 | 59.22 | .70 | 52.29 | .70 | 39.69 | .70 | 696.51 | .70 |
| Registration..... | 30.00 | .30 | 30.00 | .31 | 30.00 | .35 | 30.00 | .40 | 30.00 | .52 | 300.00 | .30 |
| Titling..... | | | | | | | | | | | 170.04 | .17 |
| Subtotal..... | 98.94 | 1.00 | 96.15 | 1.01 | 89.22 | 1.05 | 82.29 | 1.10 | 69.69 | 1.22 | 1,166.55 | 1.17 |
| Federal: | | | | | | | | | | | | |
| Gasoline..... | 30.64 | .31 | 29.40 | .31 | 26.32 | .31 | 23.24 | .31 | 17.64 | .31 | 309.56 | .31 |
| Oil ¹ | .33 | (?) | .34 | (?) | .29 | (?) | .30 | (?) | .18 | (?) | 2.93 | (?) |
| Tires..... | 4.15 | .05 | 4.17 | .05 | 4.01 | .05 | 3.38 | .05 | 2.70 | .05 | 30.03 | .03 |
| Subtotal..... | 35.12 | .36 | 33.91 | .36 | 30.62 | .36 | 26.92 | .36 | 20.52 | .36 | 342.52 | .34 |
| Total taxes..... | 134.06 | 1.36 | 130.06 | 1.37 | 119.84 | 1.41 | 109.21 | 1.46 | 90.21 | 1.58 | 1,509.07 | 1.51 |
| Total of all costs..... | 1,492.56 | 15.08 | 1,653.55 | 17.41 | 1,251.60 | 14.72 | 1,317.44 | 17.57 | 900.28 | 15.79 | 15,892.36 | 15.89 |

¹ This estimate covers the total costs of a fully equipped, medium priced, standard size, 4-door sedan, purchased for \$4,251, operated 100,000 miles over a 10-year period, then scrapped for \$50. Baltimore area prices, considered to be in the middle range, were used.

² Where costs per mile are less than 1/20 of a cent.

ANNUAL AUTOMOBILE OPERATING COSTS (COMPACT SIZE, 1974 MODEL)

| | 1st year (1) | 2d year (2) | 3d year (3) | 4th year (4) | 5th year (5) | Total (7) | Cost per mile (cents) ¹ (8) |
|-------------------------|-----------------|----------------|----------------|-----------------|-----------------|--------------|---|
| Depreciation..... | \$400.00 | \$372.00 | \$329.00 | \$300.00 | \$286.00 | \$1,687.00 | 2.86 |
| Maintenance/repair..... | 112.01 | 189.77 | 240.44 | 313.14 | 322.88 | 1,178.24 | 2.00 |
| Tires..... | 15.42 | 13.83 | 20.88 | 34.83 | 38.65 | 123.61 | .21 |
| Gasoline..... | 355.03 | 318.27 | 281.52 | 244.77 | 242.42 | 1,442.01 | 2.45 |
| Motor oil..... | 17.00 | 16.00 | 17.00 | 16.00 | 17.00 | 83.00 | .14 |
| Insurance..... | 190.00 | 180.00 | 180.00 | 166.00 | 166.00 | 882.00 | 1.50 |
| Taxes..... | 119.48 | 107.12 | 95.45 | 84.30 | 83.84 | 490.19 | .83 |
| Registration..... | 136.40 | 20.00 | 20.00 | 20.00 | 20.00 | 216.40 | .37 |
| Total cost..... | 1,345.34 | 1,216.99 | 1,184.29 | 1,179.04 | 1,176.79 | 6,102.45 | 10.36 |
| Miles per year..... | 14,500 | 13,000 | 11,500 | 10,000 | 9,900 | 58,900 | ----- |

¹ Col. 7 ÷ 58,900 miles.

Source: Cost table, app. I, p. 4.

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TABLE 2.—ESTIMATED COST OF OPERATING A COMPACT SIZE 1974 MODEL AUTOMOBILE¹
[Total costs in dollars; costs per mile in cents]

| Item | 1st yr (14,500 mi) | | 2d year (13,000 mi) | | 3d yr (11,500 mi) | | 4th yr (10,000 mi) | | 5th yr (9,900 mi) | |
|------------------------------------|--------------------|---------------|---------------------|---------------|-------------------|---------------|--------------------|---------------|-------------------|---------------|
| | Total cost | Cost per mile | Total cost | Cost per mile | Total cost | Cost per mile | Total cost | Cost per mile | Total cost | Cost per mile |
| Costs excluding taxes: | | | | | | | | | | |
| Depreciation..... | 400.00 | 2.76 | 372.00 | 2.86 | 329.00 | 2.86 | 300.00 | 3.00 | 286.00 | 2.89 |
| Repairs and maintenance..... | 108.48 | .75 | 186.38 | 1.43 | 237.19 | 2.06 | 310.03 | 3.10 | 319.78 | 3.23 |
| Replacement tires..... | 15.42 | .10 | 13.83 | .11 | 20.88 | .18 | 34.83 | .35 | 38.65 | .39 |
| Accessories..... | 3.53 | .02 | 3.39 | .03 | 3.25 | .03 | 3.11 | .03 | 3.10 | .03 |
| Gasoline..... | 355.03 | 2.45 | 318.27 | 2.45 | 291.52 | 2.45 | 244.77 | 2.45 | 242.42 | 2.45 |
| Oil..... | 17.00 | .12 | 16.00 | .12 | 17.00 | .15 | 16.00 | .16 | 17.00 | .17 |
| Insurance..... | 190.00 | 1.31 | 180.00 | 1.38 | 180.00 | 1.56 | 166.00 | 1.66 | 166.00 | 1.68 |
| Garaging, parking, tolls, etc..... | 224.80 | 1.55 | 215.20 | 1.66 | 205.60 | 1.79 | 196.00 | 1.96 | 195.36 | 1.97 |
| Total..... | 1,314.26 | 9.06 | 1,305.07 | 10.04 | 1,274.44 | 11.08 | 1,270.74 | 12.71 | 1,268.31 | 12.81 |
| Taxes and fees: | | | | | | | | | | |
| State: | | | | | | | | | | |
| Gasoline..... | 81.72 | .57 | 73.25 | .57 | 64.80 | .56 | 56.34 | .56 | 55.80 | .57 |
| Registration..... | 20.00 | .14 | 20.00 | .15 | 20.00 | .18 | 20.00 | .20 | 20.00 | .20 |
| Titling..... | 116.40 | .80 | — | — | — | — | — | — | — | — |
| Subtotal..... | 218.12 | 1.51 | 93.26 | .72 | 84.80 | .74 | 76.34 | .76 | 75.80 | .77 |
| Federal: | | | | | | | | | | |
| Gasoline..... | 36.32 | .25 | 32.56 | .25 | 28.80 | .25 | 25.04 | .25 | 24.80 | .25 |
| Oil ² | .26 | .24 | .24 | .25 | .24 | .24 | .24 | .26 | .26 | — |
| Tires..... | 1.18 | .01 | 1.06 | .01 | 1.60 | .02 | 2.68 | .03 | 2.98 | .03 |
| Subtotal..... | 37.76 | .26 | 33.86 | .26 | 30.65 | .27 | 27.96 | .28 | 28.04 | .28 |
| Total taxes..... | 255.88 | 1.77 | 127.12 | .98 | 115.45 | 1.01 | 104.30 | 1.04 | 103.84 | 1.05 |
| Total of all costs..... | 1,570.14 | 10.83 | 1,432.19 | 11.02 | 1,389.89 | 12.09 | 1,375.04 | 13.75 | 1,372.15 | 13.86 |

See footnotes at end of table, p. 26.

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TABLE 2.—ESTIMATED COST OF OPERATING A COMPACT SIZE 1974 MODEL AUTOMOBILE¹—Continued
 [Total costs in dollars; costs per mile in cents]

| Item | 6th yr (9,900 mi) | | 7th yr (9,500 mi) | | 8th yr (8,500 mi) | | 9th yr (7,500 mi) | | 10th yr (5,700 mi) | | Totals and averages for 10 yr (100,000 mi) | |
|--------------------------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|--------------------|---------------|--|---------------|
| | Total cost | Cost per mile | Total cost | Cost per mile | Total cost | Cost per mile |
| Costs excluding taxes: | | | | | | | | | | | | |
| Depreciation | 278.00 | 2.81 | 269.00 | 2.83 | 228.00 | 2.68 | 212.00 | 2.83 | 186.00 | 3.26 | 2,860.00 | 2.86 |
| Repairs and maintenance | 325.78 | 3.29 | 499.65 | 5.26 | 234.80 | 2.76 | 102.83 | 1.37 | 40.61 | .71 | 2,365.53 | 2.36 |
| Replacement tires | 41.01 | .42 | 49.43 | .52 | 45.09 | .53 | 41.39 | .55 | 30.24 | .53 | 330.77 | .33 |
| Accessories | 9.43 | .10 | 9.14 | .09 | 8.42 | .10 | 7.67 | .10 | 6.35 | .11 | 57.40 | .06 |
| Gasoline | 242.42 | 2.45 | 232.65 | 2.45 | 208.01 | 2.45 | 183.77 | 2.45 | 139.59 | 2.45 | 2,448.43 | 2.45 |
| Oil | 19.00 | .19 | 20.00 | .21 | 16.00 | .19 | 17.00 | .23 | 12.03 | .21 | 167.00 | .17 |
| Insurance | 130.00 | 1.31 | 130.00 | 1.37 | 130.00 | 1.53 | 130.00 | 1.73 | 130.00 | 2.28 | 1,532.00 | 1.53 |
| Garaging, parking, tolls, etc. | 195.36 | 1.97 | 192.80 | 2.03 | 186.40 | 2.19 | 180.00 | 2.40 | 168.48 | 2.96 | 1,960.00 | 1.96 |
| Total | 1,241.00 | 12.54 | 1,402.67 | 14.76 | 1,056.72 | 12.43 | 874.66 | 11.66 | 713.28 | 12.51 | 11,721.15 | 11.72 |
| Taxes and fees: | | | | | | | | | | | | |
| State: | | | | | | | | | | | | |
| Gasoline | 55.80 | .56 | 53.55 | .57 | 47.88 | .56 | 42.30 | .56 | 32.13 | .56 | 563.58 | .56 |
| Registration | 20.00 | .20 | 20.00 | .21 | 20.00 | .24 | 20.00 | .27 | 20.00 | .35 | 200.00 | .20 |
| Titling | — | — | — | — | — | — | — | — | — | — | 116.40 | .12 |
| Subtotal | 75.80 | .76 | 73.55 | .78 | 67.88 | .80 | 62.30 | .83 | 52.13 | .91 | 879.98 | .88 |
| Federal: | | | | | | | | | | | | |
| Gasoline | 24.80 | .25 | 23.80 | .25 | 21.28 | .25 | 18.80 | .26 | 14.28 | .26 | 250.48 | .25 |
| Oil ² | .29 | — | .30 | — | .24 | .25 | .25 | — | .18 | — | 2.51 | — |
| Tires | 3.14 | .04 | 3.80 | .04 | 3.43 | .04 | 3.18 | .04 | 2.33 | .04 | 25.41 | .03 |
| Subtotal | 28.23 | .29 | 27.90 | .29 | 24.98 | .29 | 22.23 | .30 | 16.79 | .30 | 278.40 | .28 |
| Total taxes | 104.03 | 1.05 | 101.45 | 1.07 | 92.86 | 1.09 | 84.53 | 1.13 | 68.92 | 1.21 | 1,158.38 | 1.16 |
| Total of all costs | 1,345.03 | 13.59 | 1,504.12 | 15.83 | 1,149.58 | 13.52 | 959.19 | 12.79 | 782.20 | 13.72 | 12,879.53 | 12.88 |

¹ This estimate covers the total costs of a medium priced, compact size, 2-door sedan, purchased for \$2,910, operated 100,000 mi over a 10-yr period, then scrapped for \$50. Baltimore area prices,

considered to be in the middle range, were used.

² Where costs per mile are less than 1/20 cent, a dash (—) appears in the column.

APPENDIX II
AUTOMOBILE OPERATING COSTS
[Standard size 1974 model]

| Item | Cents per mile February 1974 | Percent change in CPI | | Cents per mile November 1974 |
|---------------------------|---------------------------------|--------------------------|-------------------------------|------------------------------------|
| | | February | November 1974 ¹ | |
| Vehicle depreciation..... | 4.99 | 9.046 | 5.44 | |
| Maintenance/repair..... | 2.38 | 11.484 | 2.65 | |
| Tires..... | .25 | 10.659 | .28 | |
| Gasoline..... | 3.03 | 7.578 | 3.26 | |
| Motor oil..... | .17 | 10.320 | .19 | |
| Insurance..... | 1.60 | 0 | 1.60 | |
| Taxes..... | 1.03 | (?) | 1.03 | |
| Registration..... | .54 | 0 | .54 | |
| Total..... | 13.99 | ----- | 14.99 | |

¹ Source: appendix III.² Effect of changing taxes are reflected in the CPI levels for each of the other cost elements.

AUTOMOBILE OPERATING COSTS
[Standard size 1974 model]

| Item | Cents per mile February 1974 | Percent change in CPI to | | Cents per mile January 1975 |
|---------------------------|---------------------------------|--------------------------------|---------------------------|-----------------------------------|
| | | February 1974 | January 1975 ¹ | |
| Vehicle depreciation..... | 4.99 | 10.318 | 5.50 | |
| Maintenance/repair..... | 2.38 | 14.238 | 2.72 | |
| Tires..... | .23 | 12.827 | .28 | |
| Gasoline..... | 3.03 | 8.390 | 3.28 | |
| Motor oil..... | .17 | 11.047 | .19 | |
| Insurance..... | 1.60 | .145 | 1.60 | |
| Taxes..... | 1.03 | (?) | 1.03 | |
| Registration..... | .54 | 1.164 | .55 | |
| Total..... | 13.99 | ----- | 15.15 | |

¹ Source: appendix III.² Effect of changing taxes are reflected in the CPI levels for each of the other cost elements.

APPENDIX III
CONSUMER PRICE INDEX

| Item | February 1974 ¹ | November 1974 ¹ | | Percent change |
|---|-------------------------------|-------------------------------|--------|-------------------|
| | | 1974 | 1975 | |
| Vehicle depreciation ² | 141.5 | 154.3 | 9.046 | |
| Maintenance/repair..... | 148.9 | 166.0 | 11.484 | |
| Tires..... | 110.7 | 122.5 | 10.659 | |
| Gasoline..... | 147.8 | 159.0 | 7.578 | |
| Motor oil..... | 137.6 | 151.8 | 10.320 | |
| Insurance..... | 137.7 | 137.7 | 0 | |
| Registration..... | 128.9 | 128.9 | 0 | |

¹ Data furnished by Information Office, Bureau of Labor Statistics, Department of Labor.² CPI for all goods and services was used, as the index is quality adjusted for automobiles.

CONSUMER PRICE INDEX

| Item | February 1974 ¹ | January 1975 ¹ | Percent change |
|---|-------------------------------|------------------------------|-------------------|
| Vehicle depreciation ² | 141.5 | 156.1 | 10.318 |
| Maintenance/repair..... | 148.9 | 170.0 | 14.238 |
| Tires..... | 110.7 | 124.9 | 12.827 |
| Gasoline..... | 147.8 | 160.2 | 8.390 |
| Motor oil..... | 137.6 | 152.8 | 11.047 |
| Insurance..... | 137.7 | 137.9 | .145 |
| Registration..... | 128.9 | 130.4 | 1.164 |

¹ Data furnished by Information Office, Bureau of Labor Statistics, Department of Labor.² CPI for all goods and services was used, as the index is quality adjusted for automobiles.

OPERATING COSTS FOR PRIVATELY OWNED AIRCRAFT

I. INTRODUCTION

Under 5 U.S.C. 5704(a)(2), an employee is entitled to a mileage allowance of not more than 12 cents per mile when he uses a privately owned aircraft while on official business. FPMR temporary regulation A-9, dated February 6, 1974, prescribed mandatory payment of the 12 cent mileage rate for the use of privately owned aircraft. Two of the largest users of this method of transportation (U.S. Department of the Interior and the Department of Transportation) have stated that the allowance is inadequate and recommended a rate of 20 to 22 cents per mile. This report which updates an earlier study was prepared in response to these recommendations.

II. PURPOSE

The purpose of this report is to calculate the cost of operating a privately owned aircraft in order to determine the adequacy of the present mileage allowance.

III. SUMMARY

The costs presented in this study are based on a study prepared by the Federal Aviation Administration (FAA) in February 1969 entitled "General Aviation Aircraft Operating Costs." To these costs we applied the change in the Consumer Price Index (CPI) for all items less food.

Although the underlying study is almost 6 years old, it has not been updated by the FAA. In addition, no similar report could be located which contained current usable and reliable data pertinent to the cost of operating privately owned aircraft.

IV. CONCLUSIONS

Three major conclusions can be drawn from this report:

(a) The approximate cost of operating a privately owned, single-engine, piston aircraft is presently 22 cents per mile.

(b) The maximum mileage allowance of 12 cents per mile, provided under 5 U.S.C. 5704(a)(2), is inadequate when a privately owned aircraft is used for official business.

(c) The cost of landing and parking, as well as tiedown service, has not been included in the mileage rate. At present, there is no authority for separately reimbursing employees for these costs when they use an aircraft for official business, although the same types of expenses may be separately allowed when a privately owned automobile is used for official travel.

V. BODY OF REPORT

(a) *Discussion.*—The costs presented in this report are based on a study prepared by the Federal Aviation Administration (FAA) in February 1969 entitled "General Aviation Aircraft Operating Costs." The FAA study includes costs for several categories of General Aviation aircraft. However, the single-engine, piston aircraft was selected as most representative of the various types of privately owned aircraft. The FAA study supports this selection in stating that two-thirds of the single-engine, piston, 1- to 3-place (seats) aircraft and over one-half of the single-engine, piston, 4-place and over aircraft are personally owned, while most of the multi-engine piston and turbine aircraft are found in the business fleet.

Within the representative category, the costs shown for the 1- to 3-place aircraft are substantially less than those shown for the 4-place and over type of airplane (appendix IV). However, the FAA included several cost items which are not regarded as reimbursable travel expenses—these were deleted for the purpose of this study. In addition, the speed of the 4-place and over aircraft (151 miles per hour) is considerably greater than that of the 1- to 3-place aircraft (100 miles per hour). As a result of the cost adjustments and the variance in operating speeds, the difference in the cost per mile for these two types of aircraft is less than two-tenths of one cent. Since the adjusted costs are nearly identical, either the 1- to 3-place or the 4-place-and-over type of aircraft could be selected as representative without introducing serious distortions.

The costs presented in the FAA report were estimated from information gathered from aircraft manufacturers, consulting firms, and trade journals. While the FAA did not conduct tests or surveys for their study, some of the operating costs reported in the trade journals were based on actual flight tests. The use of estimated costs is unavoidable because of the loose and informal structure of the General Aviation fleet, which precludes the collection of reliable empirical operating cost statistics. Most of the single-engine, piston aircraft are privately owned, and few owners maintain specific cost or operating records. A representative of the Aircraft Owners and Pilots Association (AOPA), an organization of the owners of General Aviation aircraft, confirmed this lack of data when he related that the AOPA has not prepared a General Aviation cost study, due primarily to the absence of a sound data collection and reporting system. In summary, the use of estimated costs was dictated by the lack of reliable actual cost information.

The costs reflected in this report do not apply to specific makes and models of aircraft, but instead are typical of an aircraft in a particular group. For example, the costs shown in annex 1 for single-engine, piston 1- to 3-place aircraft are typical for that category of aircraft, but would not be typical for a specific kind of airplane within that category, such as a Cessna 150. Significantly, the use of typical or representative costs is of great value for the purposes of this study, because Government employees, collectively, own various types of General Aviation aircraft.

(b) *Cost Elements.*—In developing the overall cost of operating a privately owned aircraft, all of the cost elements discussed below, and shown in appendix IV, were evaluated, and only those which were regarded as reimbursable were retained in the adjusted cost table (appendix V).

1. *Fuel and Oil.*—Fuel costs are based on three factors; the number of gallons of fuel consumed in one hour, the average price per gallon of aviation gasoline (44 cents), and the yearly average number of hours of aircraft utilization. It was also assumed that the oil consumption varied with fuel consumption.

2. *Inspections.*—The FAA requires that all general aviation aircraft undergo one annual inspection. In addition, any aircraft carrying passengers for hire, or used for flight instruction must be inspected at the end of each 100 hours of operation. Since many single-engine, piston aircraft are used for flight training, and some even as air taxis they are subject to more frequent inspections and higher annual inspection charges. Because both commercially used and privately owned aircraft are included in the single-engine, piston category, the inspection costs shown in appendices IV and V are somewhat higher than they would otherwise be if only the costs for privately owned aircraft were shown.

3. *Maintenance.*—This element includes the cost of labor and parts for maintenance for the airframe, engine, accessories, propeller, electrical equipment, instruments and air conditioning. However, the cost of re-covering the airframe, which is required every several years, was not included.

4. *Reserve For Overhaul.*—This item is related in nature to maintenance, but is much more extensive. This category includes required overhaul or replacement of such parts as the engine, electrical equipment, instruments, the propeller and even the airframe.

5. *Parking and Landing Fees Away From Home Base.*—Although these costs were included in the FAA study (appendix IV), they were excluded as adjusted cost items in appendix V of this study. These kinds of expenses are separately allowed when a privately owned automobile is used, and accordingly, it is felt that parking and landing fees, as well as tie-down costs incurred while away from the home station should also be allowed in addition to the mileage rate paid for the use of a privately owned aircraft. The FAA estimates that the cost of these services ranges from \$29 a year for a 1-3-place aircraft to \$88 for a 4-place and over aircraft. However, the cost to the Government for these services should be less than these amounts, as the traveler would be reimbursed only to the extent that these services are required for official travel.

6. *Spare Parts.*—The cost of spare parts, which an owner may wish to carry aboard his aircraft has not been included in the adjusted cost table. This expense, as reported by the FAA, varies in proportion with the size of an aircraft, and is negligible for single-engine, piston aircraft. In fact, no expense was reported for a 1-3-place aircraft, and only \$16 per year was experienced for the 4-place-and-over aircraft. It was assumed from this, that the cost of spare parts for single-engine, piston aircraft was incurred for planes used primarily for commercial or agricultural purposes.³⁰

7. *Pilot Expenses.*—This element, which includes per diem expenses for crew members is not applicable for the purposes of this study, because employees, using their privately owned aircraft for official travel, act as their own pilots and are allowed per diem expenses under the Federal Travel Regulations. Accordingly, this item is not included in the adjusted cost table.

8. *Depreciation.*—Depreciation was computed by dividing the cost of the aircraft by the number of years of its useful life. In the FAA study, the purchase price used for depreciation was the price in effect during the year in which the median number of aircraft of a particular model were manufactured.

The depreciation trend for aircraft is similar to that for automobiles, in that the greatest amount of depreciation (the largest drop in resale value) occurs within the first few years of ownership. This is significant because while the depreciation costs in the FAA study are based essentially on the purchase price of the new aircraft, a representative of the AOPA has indicated that many new aircraft are purchased first by business firms, and after 4 or 5 years are converted to private ownership. As a result, the depreciation costs presented in this study may be somewhat overstated when relating to privately owned aircraft.

There are three factors which help to minimize any possible overstatement of depreciation costs. First, this study addresses only single-engine, piston aircraft—the majority of which are initially purchased for personal use. Second, the purchase price of single-engine, piston aircraft (except the Beech V35A Bonanza) does not include the cost of avionics equipment. Yet employees, who purchase aircraft equipped with such devices, will obviously experience higher depreciation costs. Third, an average aircraft life span of 20 years was assumed, and while this was consistent with aircraft blue book prices, the FAA presented various examples which imply that the lifespan for some aircraft may be greater than 20 years. In this respect, a representative of AOPA reflected that 20 years appeared to be reasonable, but added that no one really knows the technological life of an aircraft which has been properly maintained and protected from the elements. Individually, these factors are of minor importance, but together, they may offset the possible elevated depreciation costs resulting from the FAA's use of new aircraft purchase prices.

9. *Insurance.*—A typical aircraft owner would carry four basic types of insurance. These are hull insurance, which covers damage to the aircraft (4 percent of the blue book value for single-engine, piston aircraft); admitted liability, which is the amount paid to passengers without court action (premiums are \$230 for 1 to 3 place aircraft and \$340 for 4-place and over aircraft); legal liability against damage to persons or property (\$200 for single-engine, piston aircraft) and medical insurance, which provides coverage for passengers and crew (premiums are \$11 per passenger and \$13 for crew members).

10. *Aircraft Storage.*—This element consists of the commercial hangarage or tiedown cost at the home base, and is not an expense directly generated by the conduct of Government business. Accordingly, these costs were deleted from our study as nonreimbursable and do not appear in the adjusted cost table (appendix V).

11. *Crew Salary and Benefits.*—For the purpose of this study it was assumed that when the owner of a privately owned aircraft uses his aircraft for official business, he will also pilot the aircraft. Based on this assumption, the expenses of crew salaries and fringe benefits are considered to be irrelevant, and were not included in the adjusted cost table (appendix V).

12. *Miscellaneous.*—Items in this category include the cost of manuals and charts, damage not covered by the insurance and aircraft modernization. These appear to be expenses necessary for the safe operation of an aircraft and were included in appendix V as allowable costs. It should be mentioned that not all of the costs incident to the operation of an aircraft were included in this study. Many of these costs are clearly nonreimbursable, such as dues for membership in associations or subscriptions to trade journals. However, some of these costs—specifically State and local taxes—appear to be of an allowable nature. To the

extent that these costs have been excluded, the total cost per mile for each type of aircraft (16.46 cents for a 1 to 3 place aircraft and 16.27 cents for a 4-place and over aircraft) as described in annex 2, may be slightly understated.

(c) *Estimate of Current Costs.*—The report on general aviation operating costs, prepared by the FAA in February 1969, does not reflect subsequent changes in the price level. In order to calculate current costs, it was necessary to use an index for estimating the magnitude of price changes since 1969.

The Wholesale Price Index (WPI) could not be used because it is essentially a commodity index and excludes the values of services; yet many of the cost elements which comprise the total cost per mile, are in the nature of services (i.e., inspections, maintenance, and insurance). In addition, the WPI reflects prices at the wholesale level, and does not accurately measure the level of costs borne by the owners of small aircraft, who must make their purchases in the retail market.

On the other hand, the Consumer Price Index (CPI) measures the prices of both goods and services at the retail level, but does not provide any data regarding the specific component cost elements which make up the aggregate cost per mile for the operation of privately owned aircraft. Although the CPI does provide price information on specific automobile operating costs (depreciation, maintenance and repairs, gasoline, oil, insurance, etc.), price changes for these elements cannot be applied to aircraft operating costs, as the two items (aircraft and automobiles) are not analogous.

In the absence of specific price data, it was decided that the change reported in the CPI for all items less food would be applied to the total adjusted costs for 1969. Although this approach may not yield a high degree of precision, it should provide a general estimate of the change in the aggregate retail cost of operating a private aircraft.

Appendix VI shows the method by which the 1969 costs of operating a privately owned aircraft have been restated to reflect the November 1974 level of prices. This appendix shows that the current cost of operating a privately owned aircraft is approximately 22 cents per mile.

APPENDIX IV

TABLE 8.—OPERATING COSTS OF AVERAGE GENERAL AVIATION AIRCRAFT, BY AIRCRAFT TYPE

| Operating costs and data | Piston | | | | | | Turbine | | | |
|-------------------------------------|-------------------------|--------|----------|--------|-----------|---------|----------|---------|----------|----------|
| | Single-engine | | 2-engine | | Turboprop | | Jet | | | |
| | 1- to 3-place Annual | Hourly | Annual | Hourly | Annual | Hourly | Annual | Hourly | Annual | Hourly |
| Variable costs: | | | | | | | | | | |
| Fuel..... | \$450 | \$3.00 | \$930 | \$4.65 | \$3,234 | \$12.44 | \$19,908 | \$44.24 | \$52,700 | \$105.40 |
| Oil..... | .59 | .39 | .88 | .44 | .270 | 1.04 | .302 | .67 | .650 | 1.30 |
| Inspection..... | 161 | 1.07 | 400 | 2.00 | 1,274 | 4.90 | 6,480 | 14.40 | 9,000 | 18.00 |
| Maintenance..... | 194 | 1.29 | 450 | 2.25 | 1,607 | 6.18 | 14,220 | 31.60 | 22,500 | 45.00 |
| Reserve for overhaul..... | 315 | 2.10 | 864 | 4.32 | 2,179 | 8.38 | 14,832 | 32.96 | 23,300 | 46.60 |
| Parking, fees, etc..... | 29 | .19 | 88 | .44 | 273 | 1.05 | 1,017 | 2.26 | 1,875 | 3.75 |
| Spare parts..... | | | 16 | .08 | 117 | .45 | 9,626 | 21.39 | 25,550 | 51.10 |
| Pilot expense..... | | | 50 | .25 | 536 | 2.06 | 2,800 | 6.22 | 3,635 | 7.27 |
| Total, variable costs..... | 1,208 | 8.04 | 2,884 | 14.43 | 9,490 | 36.50 | 69,185 | 153.74 | 139,210 | 278.42 |
| Fixed costs: | | | | | | | | | | |
| Depreciation..... | 340 | 2.27 | 900 | 4.50 | 4,450 | 17.12 | 33,165 | 73.70 | 48,780 | 97.56 |
| Insurance..... | 870 | 5.80 | 988 | 4.94 | 3,260 | 12.54 | 16,264 | 36.14 | 22,280 | 44.56 |
| Storage..... | 235 | 1.57 | 486 | 2.43 | 1,560 | 6.00 | 3,650 | 8.11 | 7,722 | 15.44 |
| Crew salary and benefits..... | (1) | (1) | 1,200 | 6.00 | 7,410 | 28.50 | 28,320 | 62.93 | 31,820 | 63.64 |
| Miscellaneous..... | 80 | .53 | 292 | 1.46 | 1,030 | 3.96 | 6,020 | 13.38 | 8,540 | 17.08 |
| Total, fixed costs..... | 1,525 | 10.17 | 3,866 | 19.33 | 17,710 | 68.12 | 87,419 | 194.26 | 119,142 | 238.28 |
| Total costs..... | 2,733 | 18.21 | 6,750 | 33.76 | 27,200 | 104.62 | 156,604 | 348.00 | 258,352 | 516.70 |
| Total cost per— | | | | | | | | | | |
| Aircraft-mile..... | | 0.182 | | 0.224 | | 0.515 | | 1.180 | | 1.148 |
| Available seat-mile..... | | .091 | | .056 | | .099 | | .084 | | .130 |
| Aircraft-mile variable cost..... | | .081 | | .095 | | .180 | | .521 | | .605 |
| Operating data: | | | | | | | | | | |
| Utilization ^a | | 150 | | 200 | | 260 | | 450 | | 500 |
| Miles flown..... | | 15,000 | | 30,200 | | 52,800 | | 132,750 | | 225,000 |
| Block speed ^b | | 100 | | 151 | | 203 | | 295 | | 450 |
| Fuel consumption ^c | | 6.8 | | 10.6 | | 28.3 | | 125.0 | | 300.0 |
| Passenger seats..... | | 2 | | 4 | | 5.2 | | 14 | | 8.8 |

^a Pilot expenses for agricultural use aircraft would add a small amount for this item.
^b Hours flown in year.

^c Miles per hour.
^d Gallons per hour.

APPENDIX V
ADJUSTED OPERATING COSTS, 1969
[Single-engine, piston aircraft]

| Item | 1- to 3-place aircraft | | 4-place and over | |
|---------------------------|------------------------|----------------------------|------------------|----------------------------|
| | Cost per year | Cost per hour ¹ | Cost per year | Cost per hour ¹ |
| Fuel..... | \$450 | \$3.00 | \$930 | \$4.65 |
| Oil..... | 59 | .39 | 88 | .44 |
| Inspection..... | 161 | 1.07 | 400 | 2.00 |
| Maintenance..... | 194 | 1.29 | 450 | 2.25 |
| Reserve for overhaul..... | 315 | 2.10 | 864 | 4.32 |
| Depreciation..... | 340 | 2.27 | 900 | 4.50 |
| Insurance..... | 870 | 5.80 | 988 | 4.94 |
| Miscellaneous..... | 80 | .53 | 292 | 1.46 |
| Total..... | 2,469 | 16.45 | 4,912 | 24.56 |
| Miles per year..... | 15,000 | | 30,200 | |
| Cost per mile..... | \$0.1646 | | \$0.1628 | |
| Miles per hour..... | | 100 | | 151 |
| Cost per mile..... | | \$0.1645 | | \$0.1626 |

¹ Average utilization for 1- to 3-place aircraft is 150 hr/yr; utilization for 4-place and over aircraft is 200 hr/yr.

APPENDIX VI
OPERATING COSTS, 1974
[Single-engine, piston aircraft]

| Item | Cost per mile (1969) (cents) | Percent change in CPI for "all items less food" from 1969 to November 1974 | Change in cost per mile (cents) | |
|-----------------------|---------------------------------|---|---------------------------------|-----------------------|
| | | | Cost per mile (1974) (cents) | Cost per mile (cents) |
| 1-3-place..... | 16.46 | 36.6 | 6.02 | 22.48 |
| 4-place and over..... | 16.26 | 36.6 | 5.95 | 22.21 |

¹ CPI "all items less food":
November 1974..... 150.4
Average 1969..... 110.1

Percent increase..... 36.6

PRIVATELY OWNED AIRCRAFT OPERATING COSTS, JANUARY 1975

[Single-engine, piston aircraft]

| Item | Cost per mile (1969) (cents) | Percent change in CPI for "all items less food" from 1969 to January 1975 | Change in cost per mile (cents) | |
|-----------------------|---------------------------------|---|---------------------------------|-----------------------|
| | | | Cost per mile (1975) (cents) | Cost per mile (cents) |
| 1-3-place..... | 16.46 | 37.9 | 6.24 | 22.70 |
| 4-place and over..... | 16.26 | 37.9 | 6.16 | 22.42 |
| Average..... | 16.36 | 37.9 | 6.20 | 22.56 |

¹ CPI "all items less food":
January 1975..... 151.5
Average 1969..... 110.1

Percent increase..... 37.9

Mr. BROOKS. Generally speaking, you still think it would cost about 15 cents a mile to operate a vehicle?

Mr. ZECHMAN. Yes. Our cost is 14.9 cents to operate a vehicle, so the rate would be 15 cents.

Mr. BROOKS. That is current?

Mr. ZECHMAN. That is the current cost as of November 31, 1974.

Mr. BROOKS. In view of the fact that the mileage rates were omitted from H.R. 3575, would the GSA set the rate for privately owned automobiles at 14.9 or 15 cents?

Mr. ZECHMAN. It would be set at 15 cents.

Mr. BROOKS. Questions?

Mr. HORTON. In your statement you indicated you would establish by regulation a maximum per diem rate of \$3.3. Do you need an amendment to this bill to enable you to make that immediate increase?

Mr. ZECHMAN. No; but I am glad you raised that question. That is a point I wanted to raise earlier concerning mileage rates.

We need authority, if the bill is enacted, to immediately put the mileage rate into effect.

Our plan is that the regulations would be drafted, and as soon as the bill is signed by the President we would put the Government-wide regulations into effect.

The bill calls for a study. It states that the Administrator of the General Services Administration, in consultation with the Comptroller General of the United States, the Secretary of Transportation, the Secretary of Defense, and representatives of employee associations, will review what the actual costs are. Then the Administrator will submit that report to Congress.

Mr. HORTON. Do you have that information available now?

Mr. ZECHMAN. We do.

Mr. HORTON. Would you need an amendment to permit you to put it into effect immediately?

Mr. ZECHMAN. Yes.

Mr. HORTON. Do you have the necessary language for that?

Mr. ZECHMAN. We do.

Mr. HORTON. Will you submit that language?

Mr. ZECHMAN. We certainly will.

[The material referred to above is in the subcommittee files.]

Mr. HORTON. Do you have an estimate of how much this bill will cost?

Mr. ZECHMAN. Yes, sir.

Mr. HORTON. What is that estimate?

Mr. ZECHMAN. The most recent estimate is \$62.9 million.

Mr. HORTON. That includes both mileage and per diem?

Mr. ZECHMAN. Yes, sir.

Mr. HORTON. Can you break that down?

Mr. ZECHMAN. Mileage is \$11.5 million. The per diem is \$46.2 million. Then the third item, the major-city locality, would be \$5.2 million. The total is \$62.9 million.

Mr. HORTON. That is very excellent testimony. I want to thank you for having it all here for us in that form.

Mr. PRITCHARD. What has been the increase in the travel of Federal employees over the last 4 years?

Mr. ZECHMAN. Costs incurred?

Mr. PRITCHARD. Yes, give us the total increase in travel.

Mr. ZECHMAN. We can compile that data. We do not have it here, but we can submit it for the record.

Mr. PRITCHARD. All right. For the last 4 years.

Mr. ZECHMAN. Yes, sir.

Mr. BROOKS. What he wants is the amount of payment for mileage and total cost paid under that mileage or per diem per Government employee for the last 4 years.

Mr. ZECHMAN. Yes sir.

[The information follows.]

| Fiscal year | Millions |
|-------------|----------|
| 1971 | \$2,119 |
| 1972 | 2,135 |
| 1973 | 1,979 |
| 1974 | 2,083 |

These figures represent the total cost of travel (commercial transportation, per diem, privately owned automobiles or airplanes, and miscellaneous allowable travel expenses). The amounts include payments from both Federal and trust funds. There is no data available which reflect the separate costs of per diem and mileage.

Mr. ROSENTHAL. I have no questions.

Mr. BROOKS. If there are no further questions, we want to thank you very much, gentlemen, for your appearance and your contribution. We hope we can get this expedited and on its way.

Mr. ZECHMAN. Thank you, Mr. Chairman.

Mr. BROOKS. Now we would like to hear from Mr. Clyde M. Webber, national president, American Federation of Government Employees.

STATEMENT OF CLYDE M. WEBBER, NATIONAL PRESIDENT, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, AS PRESENTED BY JAMES H. LYNCH, JR., ASSISTANT LEGISLATIVE REPRESENTATIVE

Mr. LYNCH. I would like to express Mr. Webber's regrets. It was impossible for him to be here this morning.

Mr. BROOKS. We understand.

Mr. LYNCH. If it is agreeable with you, Mr. Chairman, we would like to submit our statement for the record.

Mr. BROOKS. Without objection, Mr. Webber's entire statement will be included in the transcript.

[Mr. Webber's prepared statement follows:]

PREPARED STATEMENT OF CLYDE M. WEBBER, NATIONAL PRESIDENT, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES

On behalf of the American Federation of Government Employees representing over 650,000 Federal employees in exclusive recognition units, I wish to express appreciation to the subcommittee and its distinguished chairman, Representative Brooks, for scheduling hearings on the subject of per diem and mileage expenses of Government employees.

We were, of course, shocked and dismayed by President Ford's New Year's Day veto of S. 3341, the long awaited Travel Expenses Amendment Act of 1974. That act was supported by executive branch agencies as well as the AFL-CIO and this union. Because legislation was desperately needed, the bill was compro-

mised to the bone. Although that bill observed stringent economics, it did seek to provide some measure of equity to Federal employees by eliminating the present situation where many are paying out of their own salaries for travel costs. As you know, those costs exceed the per diem and mileage allowances which have not been adjusted since 1969 and 1961, respectively.

We are grateful to Chairman Brooks for introducing H. R. 3575, and for inviting this organization to express its views on this vital issue of legislative reform.

The obvious reason for these hearings is the inadequacy of rates of Federal per diem and travel allowances in the light of rampant inflation. Because of this, the work of the Federal Government is handicapped by the increasing reluctance of many Federal employees to undertake official travel requiring their personal presence outside their official stations of duty.

As you know, one of the burdens in the conduct of official business is the frequent requirement to attend meetings away from one's home installation. For many, attendance at these meetings is onerous in any case, even if the costs of hotels, meals, and mileage are properly reimbursed. In most instances today the per diem and travel allowances do not cover expenses to Federal employees. For several years they have sought to meet this problem by paying the extra cost from their own salaries.

The continuing inflation of prices, both in the United States and abroad, has aggravated an already difficult situation. Furthermore, the depreciation and fluctuation of the American dollar on world markets have placed another financial strain on American officials traveling abroad on the Government's business.

We believe it is unwise fiscal policy for the Federal Government to create a situation where Federal officials and employees shun the expeditious discharge of those duties requiring travel solely because they are penalized by inadequate per diem and mileage allowances.

On the basis of our discussions with the most knowledgeable people, including our members who perform their daily work under the present provisions for per diem and mileage expenses, we recommend that the normal maximum per diem allowance should be set at \$40. This figure is justified because of the current rate of inflation and the indications that it will continue to accelerate. In most financial circles it is expected that inflation will not be arrested and will not abate.

For exceptional situations, such as those for which provision is made in section 5702(c) of chapter 57 of title 5, we recommend the rate be \$60. Further, we urge that the supplemental authorization for maximum per diem allowance for each day of travel outside the continental United States be set at \$35 instead of the present \$18.

H.R. 3575 provides for a maximum per diem of \$35 under normal circumstances, and \$50 for exceptional situations. A maximum of \$21 is proposed for the supplemental authorization for travel outside the continental United States. We believe these figures to be inadequate considering the present condition of the economy. We are concerned that regulations issued by the General Services Administration utilizing these figures as maximums will fall far short of the needed increases. We therefore urge Chairman Brooks and this subcommittee to seriously consider the higher figures we believe necessary.

The present difficult situation in the matter of per diem has arisen from the circumstance that the current statute makes no provision for an automatic escalator in per diem maximum rates. We believe it would be most useful if such an automatic escalator could be provided. We suggest that the language for such an automatic escalator could read as follows:

The per diem rates established by this act shall be automatically adjusted upwards by increments of "\$1" whenever the Civil Service Commission, pursuant to section 8340 of title 5, orders the cost of living adjustment of annuities.

We believe the simplest way of achieving this escalator is to tie it to the cost of living adjustments for Federal annuitants based on Bureau of Labor Statistics data, and to set it at the rate of \$1 increments. As you know, the cost of living adjustments for annuitants now requires an increase in the Bureau of Labor Statistics data of at least 3 percent maintained at that level for at least 3 additional months. To overcome the time lag created by the 3-month waiting period, the formula then provides an additional 1 percent on top of the highest rate established in the 3-month base period. Consequently, the Federal annuities are adjusted a minimum of 4 percent, often more. However, the \$1 increment we are proposing is slightly less than 3 percent of \$40 and would remain fractionally below 3 percent for the next several automatic escalator adjustments. Consequently, we believe that our escalator proposal is fiscally conservative and also would remain practical for many years.

The increased costs in gasoline, diesel fuel and in automobile repairs and in automobile maintenance costs have been phenomenal as a result both of the energy crisis and efforts to control exhaust pollution. The Federal rate of mileage allowances are not totally unrealistic. For this reason, we should like to propose that instead of 8 cents a mile for the use of privately owned motorcycles, the Congress authorize 12 cents; and instead of 12 cents for the use of privately owned automobiles or airplanes, we ask Congress to authorize 20 cents. We realize that a recent survey shows that it already costs 14.5 cents to operate private automobiles. But that survey does not include increases in prices of automobiles, parts and costs of labor for repair and we believe it significantly understates the actual expenses.

H.R. 3575 proposes maximum mileage allowances of 11 cents for motorcycles, 20 cents for automobiles, and 24 cents for airplanes. As with the issue of per diem allowances, we fear the imposition of these maximum figures will result in regulations for mileage allowances which are inadequate. We therefore urge Chairman Brooks and the subcommittee to set the proposed figures as minimums.

An escalator procedure to increase mileage allowances based upon a quarterly survey by the Comptroller General of the United States should also be provided. We submit this proposal for the adjustment of mileage and related allowances because it would establish an automatic mechanism permitting proper changes in allowances without the need for frequent review by Congress. We do this as reflecting in this area the same philosophy with which we are proposing an automatic escalator in per diem allowances timed to take place concurrently with the cost-of-living adjustments in Federal annuities.

In summary, we welcome the decision of the subcommittee to hold hearings on allowance increases for per diem and mileage expenses of Federal employees. We recommend, in light of rampant inflation, the installation of a maximum of \$40 in the continental United States with an exceptional allowance of \$60 in certain situations. Taking into account the depreciation of the dollar in world markets, we recommend an overseas supplemental of \$35 in place of the present \$18.

We earnestly and sincerely urge the provision of a per diem escalator of \$1 (approximately 3 percent of the base rate), timed to the cost of living escalator provision of Federal annuities. Finally, we recommend higher mileage allowances and submit to you our proposed automatic escalator based on quarterly surveys by the Comptroller General of the United States.

Mr. Chairman, we are most grateful to you for discussing this subject with us during the past and present Congresses, and for inviting us to testify at this hearing. We assure you of our fullest cooperation in seeking to bring about this essential legislative reform in allowances for per diem and mileage expenses of Federal employees.

Mr. LYNCH. If you or anyone else has questions, I would be pleased to answer them. If I cannot, I will obtain the answers for you.

We would like to express our appreciation to you and to the rest of the committee and the staff for the work you have done in the past in hearing testimony on this long overdue piece of legislation. We hope, with your effort, it will become law in this session.

Mr. BROOKS. You are in full support of the legislation, Mr. Lynch?

Mr. LYNCH. Yes, sir.

Mr. BROOKS. We can count on your efforts in the Senate, I trust, to try to get them to accept what we can work out here in the House?

Mr. LYNCH. Yes, sir. We shall leave no stone unturned to see this becomes law in this Congress.

Mr. BROOKS. If there are no questions, we thank you very much and appreciate your contribution to this hearing, Mr. Lynch. We assure you of our continued interest in fair play for Government employees.

Mr. LYNCH. Thank you very much.

Mr. BROOKS. We next welcome Mr. Irving I. Geller, general counsel of the National Federation of Federal Employees.

**STATEMENT OF IRVING I. GELLER, GENERAL COUNSEL, NATIONAL
FEDERATION OF FEDERAL EMPLOYEES**

Mr. GELLER. Thank you, Mr. Chairman.

I would like to echo the spirit of cooperation which exists among the GSA, the staff, and the members in moving this bill forward.

I would like to submit for the record our written statement.

Mr. BROOKS. Without objection, your entire statement will be inserted in the transcript.

[Mr. Geller's prepared statement follows:]

**PREPARED STATEMENT OF IRVING I. GELLER, GENERAL COUNSEL, NATIONAL
FEDERATION OF FEDERAL EMPLOYEES**

Mr. Chairman and members of the subcommittee, I am Irving I. Geller, general counsel of the National Federation of Federal Employees. The NFFE is the largest independent labor organization in the Federal sector. We represent approximately 125,000 Federal employees, both in this country and abroad. I appreciate the opportunity of appearing here today to testify in behalf of a bill which would increase per diem and mileage allowances for Federal employees.

We have previously testified on similar proposals which passed both the House and Senate by wide margins. Unfortunately the President, for reasons which are not now germane to the present bill, vetoed the bill that passed both Houses. We regret the delay caused by the President's veto. Every day that this legislation is delayed causes financial loss to those Federal employees who are required to travel as a condition of their employment. We urge that the subcommittee, consistent with its legislative responsibilities, act with all possible speed on this bill.

The need for this legislation is, I think, beyond real question. There appears to be unanimity among all of the parties who are concerned with the subject of per diem and mileage increases. As we see it, therefore, the significant question now before this subcommittee is the question of the amount, and whether it would be useful to set up machinery, in addition to the provisions of section 5707, that would automatically update and reflect as accurately as possible and on a recurring basis, the appropriate per diem and mileage rates. Although such a provision is not critical to the passage of this bill, we would recommend to the subcommittee that such a provision be considered for future legislation. We think this is especially important in this time of unprecedented inflation. We believe that the cost of gasoline, together with the inflationary impact of other goods and services will soon make 20 cents per mile limitations inadequate. Whether the machinery provided by section 5707 can adequately respond to rapid increases will largely determine the need for future legislation.

Mr. Chairman, we especially want to point out our concern for those Federal employees who are obliged to spend considerable time in a travel status while performing their Federal duties. This group incurs special expenses that are not contemplated in the typical per diem allowance and they include such items as telephone calls back home to advise the family of their whereabouts or to receive calls from the family on matters that are not ordinarily considered in estimating the per diem allowance.

Further, employees functioning in extended travel circumstances are required to expend unusual payments for laundry and dry cleaning that they would not incur at home. There are a whole variety of disadvantages and expenses falling within this category and care should be taken in setting the per diem amount to include these expenses as well as the cost of lodging and meals.

One of the frequent problems arising in connection with travel is the opportunity for employees to utilize their privately owned vehicle rather than a GSA car. Much has been made of the economy arising from the use of GSA vehicles. However, this is highly debatable and when measured against the inconvenience of an employee traveling in a remote area, the advantage to the employee in utilizing a privately owned vehicle is apparent. An employee should not be obliged to function with less transportation at his disposal after hours or on weekends than he would have when at home or at least when he is not in a travel status. The use of a privately owned vehicle permits an employee greater freedom after hours and on weekends while in a travel status.

Mr. Chairman, recently there has been considerable discussion about the cost of Government. This is a matter which we should all be concerned about. Regarding travel expenses we believe that there is one area where considerable savings could be realized. Specifically, we refer to the so-called "mobility" requirement imposed by some agencies on their employees. By virtue of this requirement the Government can compel the forced relocation of a Government employee. We realize that in some instances this may, in fact, benefit the Government. However, in the vast majority of cases, the practice is wasteful. We estimate that tens of millions of dollars could be saved annually by eliminating or strictly curtailing this wasteful practice.

We realize that this matter is not strictly within the purview of this bill. We feel, however, that this is a matter which deserves the attention of this subcommittee.

In summary, we strongly recommend the prompt passage of H.R. 3573. Further, we urge the subcommittee to consider the possibility of establishing machinery which would institutionalize per diem and mileage adjustments whenever necessary. We would envision something similar to the present cost of living increases that retirees now receive.

Mr. Chairman, it has been a pleasure to appear before this subcommittee. I will be pleased to respond to any questions you may have.

Mr. GELLER. I did want to expand on one particular element of our testimony, Mr. Chairman, because I know the deep concern of the committee for the costs which are involved in these increases. It may not directly concern the committee, but I think they ought to be familiar with the enormous amount of what we believe to be unnecessary travel caused by many governmental agencies insisting upon a mobility requirement in their promotion policies. We calculate that this unnecessary requirement is costing the Government tens of millions of dollars. There are several agencies which are particularly guilty of this offense.

Mr. BROOKS. Mr. Geller, I think that is an interesting suggestion.

Mr. HORTON, Mr. Geller suggested perhaps the required mobility of Federal employees costs millions of dollars extra. He is not saying we should reorganize the Government. It is not within the purview of this bill. But he is making an observation.

It may be that in our other studies and evaluations we might encourage the Government agencies to take a look at their mobility requirements and see whether they might not utilize available personnel and cut down on the travel. It is not the best way to get a yield out of a person's work, but it is an interesting suggestion and we appreciate the observation.

Mr. HORTON. I would agree with the chairman. That is a very good point. It would be a good admonition to the Federal Government to take a look at its mobility requirements, and if they can utilize a person in one area, to keep him in that area.

It would certainly save money and it would be much better as far as the Federal Government is concerned. I think it is an excellent point and I certainly agree with the chairman.

Mr. ROSENTHAL. I have no questions, Mr. Chairman.

Mr. PRITCHARD. I have no questions.

Mr. BROOKS. Thank you very much, Mr. Geller, for a fine presentation.

I recognize next Mrs. Mary Gereau, director of legislation, National Treasury Employees Union, an especially representative organization of Federal employees. Mrs. Gereau?

**STATEMENT OF MARY GEREAU, DIRECTOR OF LEGISLATION,
NATIONAL TREASURY EMPLOYEES UNION**

Mrs. GEREAU. My statement is so short, we would save time if I read it.

Mr. Chairman, I am Mary Condon Gereau, director of legislation for the National Treasury Employees Union. Our union represents more than 90 percent of the employees of the Internal Revenue Service, as well as employees of the Bureau of Alcohol, Tobacco and Firearms, and the U.S. Customs Service.

I have been authorized by NTEU President Vincent L. Connery to present our views to this committee on H.R. 3575.

We are deeply grateful to you, Mr. Chairman, and to the other cosponsors of H.R. 3575, for your persistence and unfailing support for much needed increases in the per diem and mileage rates for Federal employees who must travel to perform their assigned duties.

We filed a lengthy statement before the Government Activities Subcommittee on July 16, 1974. In that statement, we pointed out that for those thousands of Treasury Department employees who drive their own cars on Government business more than 13,000 miles a year, the annual cost to the employee is at least \$520.

Since that testimony was given, 9 months have passed during which these employees have lost another \$387, since they are still being reimbursed at the totally inadequate rate of 12 cents per mile. We have no comparable estimates on the out-of-pocket cost to traveling employees resulting from the meager \$25 per diem for housing and subsistence, but the discrepancy against current hotel and meal costs is glaringly apparent.

Much further delay will effectively and totally neutralize any effect of the proposed tax relief to stimulate the economy as far as these people are concerned. Needless to say, they are becoming impatient and somewhat cynical.

I have here, but not to submit for the record, petitions signed by 200 IRS employees in Chicago who contemplate refusing to drive their own cars any longer unless something is done very soon.

Mr. BROOKS. We shall accept it for the committee records, not the official transcript.

Mrs. GEREAU. They will just refuse to drive their own cars, which might eliminate problems in Detroit, because the Government will have to buy cars for these tax collectors or the Government will collapse. They are really becoming very irate about this thing—not at you or the committee. However, we have to do something.

We are disturbed that H.R. 3575 provides no minimum mileage rate. We believe that such a minimum is essential if the intent of the legislation is to be achieved. We believe experience shows that GSA actions in setting mileage rates under the present law tend toward the penurious rather than the equitable, and they are not likely to change.

We would prefer that the bill as approved by the conference committee, and currently before the Senate Government Operations Committee—without the veteran and Senate staff provisions—be passed by the House. We do urge that a conference be held as soon as possible and that the long overdue adjustments in mileage and per diem rates can be made.

We cannot believe that any Member of Congress or the President can contend that the present situation which forces employees to subsidize the Government out of their own pockets in order to do their job is honorable or fair.

We appreciate the opportunity to present our views to the committee.

Mr. BROOKS. Thank you very much, Mrs. Gereau, for a very concise presentation. We also appreciated your earlier presentation before this committee.

You understand our continued interest in this matter. The sooner it can be resolved, the more equitable will be the solution.

I do not feel that the GSA is quite as penurious as you might allege, but their past record reflects that. Perhaps their future record will refute it.

Mrs. GEREAU. Let's hope so. For a year and a half they left the rate at 11 cents when they could have changed it to 12. It clearly should have been 12. IRS set it at 15 cents for tax purposes, but GSA refused to go beyond 11.

Mr. HORTON. We will ride close herd on them. If they do anything like that, I am sure the chairman and the ranking minority member will call this to their attention.

Mrs. GEREAU. Another good thing in the bill as it has been introduced is that it provides that they have to involve the Government employee unions in these decisions; that they cannot just go off on their own.

Mr. BROOKS. Questions, gentlemen?

If not, I want to thank you for your constructive contribution to this hearing. We shall continue with our consideration.

Mrs. GEREAU. Thank you very much, Mr. Chairman.

Mr. BROOKS. Gentlemen, if there are no further comments, the subcommittee shall stand adjourned and the staff will continue its efforts in completing this legislation.

[Additional statement and correspondence submitted for the record follow:]

PREPARED STATEMENT OF HON. LEE METCALF, A SENATOR IN CONGRESS FROM THE STATE OF MONTANA

Mr. Chairman, I appreciate the opportunity to testify before the House Government Operations Committee on H.R. 3575, the Travel Expense Amendments Act of 1975. This legislation is similar to S. 172, which was reintroduced in the Senate this Congress.

As you know, Mr. Chairman, I introduced S. 3341, the Travel Expense Amendments Act of 1974, in the second session of the last Congress. This legislation was submitted to rectify the inequitable situation that existed in the per diem and mileage system. Essentially, I felt then, and still feel, that the system is sorely in need of change. Testimony before my Subcommittee brought out the fact that many Federal employees lose hundreds of dollars every year because of the inadequacy of per diem and mileage payments.

We amended the bill to provide for minimum per diem rates, a minimum mileage rate, and mandatory readjustments by the General Services Administration, based on studies focusing on specific cost factors.

In addition, an amendment to provide per diem for Senate personal staff employees was adopted by the Government Operations Committee. However, in the preparation of the final version of the bill and the report, an error was made which, in effect, provided that the per diem was to be applicable to Senators rather than Senate staff, although the report stated that only personal staff of Senators would be benefited. I failed to notice this error.

This amendment dealing with staff per diem was rightly within the jurisdiction of the Senate Rules Committee. However, in communications I had with Senator Cannon of the Committee on Rules and Administration, I assured him that this amendment would apply only to Senators' personal staff and made no other changes in law. That was the sole intent of the Senate Government Operations Committee, and the full Senate, in adopting this legislation.

On the floor of the Senate, an amendment was approved to provide that the increases authorized for Federal employees also be applied to veterans traveling to Veterans' Administration facilities for service-connected disabilities. This bill was then sent to the House of Representatives for its concurrence.

The House noted that the Senate passed a provision to increase per diem for Senate employees only. Since this was applicable only to the Senate the House adopted, in total, the relevant language. In conference, I was the only member of the Senate able to attend. Since the language concerning the per diem for Senate employees was not a matter of controversy between the two Houses, no discussion focused on it during the conference. Agreement was reached between the two Houses, and the legislation, S. 3341, as amended, was enacted by both Houses. As we know, the President vetoed this legislation after Congress adjourned.

The record clearly indicates that the intent of the Senate was only to provide the same benefits to Senators' personal staff as those available to Senate committee staffs. Travel by members of the Senate, and Senate committee staffs, is regulated by rules promulgated by the Senate Rules and Administration Committee and by the amounts appropriated to each Senator by the Appropriations Committee. Each voucher for payment is audited by the Senate Disbursing Office before any payment is made. The method of payment for the travel was to be by voucher signed by the Senator. I will insist that the same minimal reporting requirements be maintained, and that the Senate Rules and Administration Committee be given its necessary opportunity to review this legislation.

PUBLIC EMPLOYEE DEPARTMENT, AFL-CIO,
Washington, D.C., February 28, 1975

Hon. JACK BROOKS,
Chairman, Legislation and National Security Subcommittee, Committee on Government Operations, Rayburn House Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: I appreciate very much your letter of February 21, 1975, inviting the department to testify on the hearing you plan March 4, 1975, on H.R. 3575 increasing per diem and mileage allowances for Federal employees required to travel on official business.

An out-of-town assignment will prevent my appearance on that date. However, the testimony presented by the Government Employees Council, AFL-CIO, the predecessor to this department, is as pertinent today as it was when delivered to your subcommittee in July 1974, in the 93d Congress. May I suggest that our earlier testimony be reviewed during the subcommittee deliberations?

If anything, the situation has deteriorated for Federal employees who are required to travel, because of additional inflation which has occurred since the data offered in 1974 was acquired.

The department is most anxious to see the pending legislation proceed to a successful conclusion as quickly as possible.

On behalf of the department, I want to extend our genuine gratitude for your perseverance in pursuing this highly meritorious legislation.

Respectfully yours,

JOHN A. McCART,
Acting Executive Director,

[Whereupon, at 10:55 a.m., the subcommittee adjourned, to reconvene subject to the call of the Chair.]

